



Media release

8 December 2022

IHACPA releases the Pricing Framework for Australian Public Hospital Services 2023–24

The Independent Health and Aged Care Pricing Authority (IHACPA) has released the [Pricing Framework for Australian Public Hospital Services 2023–24](#) (the Pricing Framework).

The Pricing Framework outlines IHACPA's policy decisions that inform the development of the National Efficient Price (NEP) Determination 2023–24 (NEP23) and the National Efficient Cost (NEC) Determination 2023–24 (NEC23), which are a major determinant of the Commonwealth funding contribution to Australian public hospitals.

Accounting for the impact of COVID-19

Public hospital activity and cost data from the 2020–21 financial year is used to inform the development of NEP23 and NEC23, which includes a full financial year of data impacted by the coronavirus disease 2019 (COVID-19) pandemic response.

In consultation with jurisdictions and stakeholders, IHACPA has undertaken extensive analysis of activity and cost data to ensure the impact of the COVID-19 pandemic response is adequately accounted for in the national pricing model. This includes consideration of increased costs, different patterns of activity, variations in experiences across states and territories and different models and costs of care for the treatment of COVID-19 patients.

IHACPA Chair, Mr David Tune AO PSM, acknowledges the crucial role of the NEP and NEC to capture and respond to the impacts of COVID-19 on the healthcare sector noting, 'Accounting for the significant and potentially long-term changes to models of care and service delivery in Australian public hospitals will remain at the forefront of our priorities for 2023–24'.

IHACPA will continue to work with jurisdictions to understand and account for the impact of COVID-19 on hospital costs for future NEP Determinations as updated data becomes available to support longer term changes to the national pricing model.

Reflecting the complexity and costs of non-admitted care

This Pricing Framework outlines IHACPA's intention to recommence the non-admitted care costing study that was suspended in 2020 due to the impact of COVID-19. Recommencing the costing study will inform the development of a new classification for non-admitted care, which will more accurately reflect patient characteristics, care complexity, and in turn, the costs of non-admitted services.

IHACPA is committed to developing a new non-admitted care classification in partnership with the jurisdictions and have welcomed the support we have received to progress the costing study in

2023, including leveraging the opportunity to use the increasingly detailed data capture in electronic medical records.

For NEP23, IHACPA will use the Tier 2 Non-Admitted Care Classification Version 8.0 to price non-admitted services. The updated classification includes the introduction of four new classes for services related to violence, abuse and neglect, genetic counselling and long COVID-19, to maintain the current classification's relevancy while the new non-admitted care classification is being developed.

Future funding models and long-term health reform

With a view to further support initiatives that are patient-centred, lead to better health outcomes, and have the potential to improve continuity of care, IHACPA will investigate virtual models of care and services related to telehealth in emergency departments, across states and territories to ensure that pricing adequately reflects resource utilisation.

IHACPA will consider changes to the national pricing model and data collections to account for innovative models of care related to virtual care to inform future Determinations.

About IHACPA

The Independent Hospital Pricing Authority (IHPA) was established under the *National Health Reform Act 2011* (NHR Act) to improve health outcomes for all Australians.

Its primary responsibility has been to enable the implementation of national activity based funding for public hospital services through the annual determination of the NEP and NEC.

On 12 August 2022 amendments to the NHR Act came into effect, changing IHPA's name to IHACPA and expanding its role to include the provision of aged care costing and pricing advice to the Commonwealth Government.

About the Pricing Framework

The Pricing Framework is one of IHACPA's key policy documents and underpins the approach adopted by IHACPA to determine the NEP and NEC for Australian public hospital services. The Pricing Framework is published in December each year, prior to the release of the NEP and NEC Determinations in March of the following year.

During the drafting of the Pricing Framework, IHACPA consulted extensively with all Australian governments, industry associations and the wider public to ensure its decisions align with national health objectives.

The [*Pricing Framework for Australian Public Hospital Services 2023–24 – Consultation Report*](#) captures how IHACPA reached its decisions for 2023–24 based on the submissions received during the public consultation process.

You may view submissions to the [Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2023–24](#), except where submissions have been identified as confidential for commercial or other reasons.

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