



## Media release

Thursday 26 May 2023

### **IHACPA supports a new era of residential aged care pricing advice**

The Independent Health and Aged Care Pricing Authority (IHACPA) has for the first time provided the Commonwealth Government (the Government) with advice on the pricing of residential aged care services for older Australians.

The Residential Aged Care Pricing Advice 2023-24 (RACPA23) is one of the key elements that will inform the new Australian National Aged Care Classification (AN-ACC) residential aged care funding model, which is administered by the Department of Health and Aged Care.

The Government announced the new AN-ACC price on 4 May 2023, which will be implemented from 1 July 2023.

IHACPA today released the [Pricing Framework for Australian Residential Aged Care Services 2023-24](#) (the Pricing Framework), the [Towards an Aged Care Pricing Framework Consultation Report](#) and the RACPA23 including the [Technical Specifications](#) that support the pricing advice provided to the Government.

As an independent government agency, the role of IHACPA is to provide the Government with impartial, timely and transparent advice on the price of residential aged care based on available evidence and public consultation. The setting of the price and policy remain the responsibility of the Government.

IHACPA Chair, Mr David Tune AO PSM, remarked that “We welcome the expansion of IHACPA’s functions to contribute to national aged care reforms by providing evidence-based costing and pricing advice to the Government.

“IHACPA has a long history of providing the Government with evidence-based pricing and costing for public hospital services.

“While we recognise the significant differences between hospitals and aged care, our established expertise in activity based funding and analytical rigor have provided a strong foundation for the development of aged care advice.”

### **Pricing advice and methodology**

Developing IHACPA’s methodology for its first residential aged care advice has involved stakeholder engagement through public consultation and analysis of available data. IHACPA will continue to develop its methodology for future annual pricing advice that is coupled with more in-depth costing study data. In doing so, it will provide the Government with residential aged care pricing advice that reflects the changing cost of delivering care.

### **Towards an Aged Care Pricing Framework Consultation Report**

This document provides the findings gathered from public consultation in 2022 which sought feedback on:

- the pricing principles which will underpin the Pricing Framework

### **Independent Health and Aged Care Pricing Authority**

Eora Nation, Level 12, 1 Oxford Street Sydney NSW 2000 | PO Box 483 Darlinghurst NSW 1300  
P +61 2 8215 1100 | ABN: 27 598 959 960

- the key challenges for aged care costing and pricing and how to best address them in the development of the Pricing Framework
- the mechanisms that support activity based funding in aged care.

### **Pricing Framework for Australian Residential Aged Care Services 2023-24**

This document incorporates the feedback and comments received through the *Towards an Aged Care Pricing Framework Consultation Paper*. It outlines the principles, scope and methodology adopted by IHACPA to inform the Residential Aged Care Pricing Advice 2023-24.

### **Residential Aged Care Pricing Advice 2023-24 Technical Specifications**

The Technical Specifications provide the detailed specifications for how the pricing advice was developed.

In providing this pricing advice, IHACPA has balanced a range of policy objectives including promoting the person-centred, quality care expected by the community while supporting long-term improvements in the sustainability and efficiency of the aged care system over time.

The development of efficient pricing is a multi-year process that requires refinement over time. IHACPA will review the pricing framework and methodology annually to ensure it remains fit for purpose and achieves policy objectives.

“IHACPA is committed to working with stakeholders and its advisory committees to ensure pricing advice is robust, appropriate and responsive to changes in the aged care sector” said Mr David Tune AO PSM.

Read about the Government’s increased funding for residential aged care providers [here](#).

ENDS

#### **For media enquiries, contact:**

Toni Ford, Director of Communications, IHACPA  
0468 517 253 | [communications.ihacpa@ihacpa.gov.au](mailto:communications.ihacpa@ihacpa.gov.au)