IHACPA

Three Year Data Plan 2023–24 to 2025–26

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Glossary

ABF	Activity based funding
ACFI	Aged Care Funding Instrument
ACFR	Aged Care Financial Report
AECC	Australian Emergency Care Classification
AIHW	Australian Institute of Health and Welfare
AMHCC	Australian Mental Health Care Classification
AN-ACC	Australian National Aged Care Classification
AN-SNAP	Australian National Subacute and Non-Acute Patient Classification
AR-DRG	Australian Refined Diagnosis Related Groups
ATTC	Australian Teaching and Training Classification
COVID-19	Coronavirus disease 2019
HCP	Hospital Casemix Protocol
ICD-10-AM	International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification
IHACPA	Independent Health and Aged Care Pricing Authority
IHI	Individual Healthcare Identifier
IHPA	Independent Hospital Pricing Authority
LHN	Local hospital network
MBS	Medicare Benefits Schedule
METEOR	Australian Institute of Health and Welfare's Metadata Online Registry
NBEDS	National Best Endeavours Data Set
NEC	National efficient cost
NEP	National efficient price
NHCDC	National Hospital Cost Data Collection
NHDISC	National Health Data and Information Standards Committee
NHIA	National Health Information Agreement
NHRA	National Health Reform Agreement
NMDS	National Minimum Data Set
NPA	National Partnership on COVID-19 Response
PHDB	Private Hospital Data Bureau

SDMS	Secure Data Management System
The Addendum	Addendum to National Health Reform Agreement 2020–25
The Administrator	Administrator of the National Health Funding Pool
The NHR Act	*National Health Reform Act 2011*
Tier 2	Tier 2 Non-Admitted Services Classification
UDG	Urgency Disposition Groups

1. Executive summary

1.1 Background

The Independent Hospital Pricing Authority (IHPA) was established as an independent government agency through the National Health Reform Agreement (NHRA) under the *National Health Reform Act 2011* (the NHR Act) to improve health outcomes for all Australians.

Its primary responsibility has been to enable the implementation of national activity based funding (ABF) of public hospital services through the annual determination of the national efficient price (NEP) and national efficient cost (NEC). These determinations play a crucial role in calculating the Commonwealth funding contribution to Australian public hospital services and offer a benchmark for the efficient cost of providing those services as outlined in the National Health Reform Agreement (NHRA).

On 12 August 2022 amendments to the NHR Act came into effect changing IHPA's name to the Independent Health and Aged Care Pricing Authority (IHACPA) and expanding its role to include the provision of aged care costing and pricing advice to the Commonwealth Government.

1.2 Development of this Three Year Data Plan

The NHRA requires IHACPA to develop a rolling three year data plan each year to indicate its future data needs. IHACPA has prepared this eleventh edition of the Three Year Data Plan to communicate its data needs for 2023–24 to 2025–26 to the jurisdictions in accordance with clauses B66–B83 of the Addendum to the NHRA 2020–25 (the Addendum).

To determine the NEP and NEC for Australian public hospitals, IHACPA must specify the classifications, counting rules, data and coding standards as well as the methods and standards for the collection of costing data. This Three Year Data Plan sets out the requirements for the provision of timely, accurate and reliable data to fulfil IHACPA's function of determining the NEP and NEC for Australian public hospital services in Chapters 4–6.

For this update to the Three Year Data Plan, IHACPA has worked collaboratively with the Administrator of the National Health Funding Pool (the Administrator) as part of IHACPA's commitment to the principle of data rationalisation expressed in the Addendum to support the concept of 'single provision, multiple use'.

IHACPA and the Administrator (collectively the national bodies) have collaborated on the standardisation of the documents and tables used to communicate each agency's data requirements for public hospital funding to enable simultaneous consideration by all state, territory and Commonwealth governments.

In order to undertake its expanded functions to provide aged care costing and pricing advice, IHACPA requires accurate classification and financial expenditure data regarding aged care facilities. Chapter 7 of this Three Year Data Plan sets out the classifications and data sets that will be used by IHACPA to prepare aged care costing and pricing advice.

1.3 Purpose

The objectives of the Three Year Data Plan for 2023–24 to 2025–26 are to:

- communicate IHACPA's data requirements in relation to public hospital funding over the next three years to jurisdictions and other government agencies in accordance with clause B66 of the Addendum
- describe the mechanisms and timelines IHACPA will use to collect data in relation to public hospital funding from the jurisdictions
- outline the classifications and data underpinning IHACPA's provision of aged care costing and pricing advice to the Commonwealth Government.

To undertake its function of developing the NEP and NEC for Australian public hospital services, IHACPA requires accurate public hospital activity, cost and expenditure data from jurisdictions on a timely basis. Supply of the public hospital data outlined in this Three Year Data Plan is required under clause A8 of the Addendum, with details of jurisdictional compliance to be reported on a quarterly basis in line with clause B81.

The public hospital data plans of the national bodies have been harmonised to provide a standard document structure and an appendix listing shared data collection.

IHACPA will also continue to make de-identified aggregate and patient-level public hospital data available to the Commonwealth and states and territories consistent with clause B77 of the Addendum and section 220 of the NHR Act.

To fulfil its aged care costing and pricing functions, IHACPA will utilise financial and resident level data sets currently compiled by the Commonwealth Department of Health and Aged Care. IHACPA is in the process of creating new data sets containing costed information at a resident level. These data sets have not yet undergone development and will be added to the Three Year Data Plan in the future.

2. Overview

2.1 Legislative basis

IHACPA is an independent agency established under Commonwealth legislation as part of the NHR Act. IHACPA was established to contribute to significant reforms to improve Australian public hospitals. A major component of these reforms was a new way of funding public hospitals to support increased efficiency of public hospital services and more transparency of funding.

The passage of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* saw the expansion of IHPA's functions through amendments to the NHR Act, the *Aged Care Act 1997* and the *Quality and Safety Commission Act 2018*. The renamed IHACPA's expanded functions include:

- provision of advice on health care costing and pricing matters
- provision of advice on aged care costing and pricing matters
- performance of certain functions conferred by the *Aged Care Act 1997*.

The *Data Availability and Transparency Act 2022* commenced on 1 April 2022 and establishes a new, best practice scheme for sharing Australian Government data – the DATA Scheme. IHACPA will assess its engagement with the DATA Scheme in future Three Year Data Plans.

2.1.1 Public hospitals

The functions of IHACPA pertaining to pricing and funding for public hospital services are specified in section 131 of the NHR Act and include:

- determining the NEP for health care services provided by public hospitals where the services are funded on an activity basis;
- determining the NEC for health care services provided by public hospitals where the services are block funded;
- developing and specifying classification systems for health care and other services provided by public hospitals;
- determining adjustments to the NEP to reflect legitimate and unavoidable variations in the costs of delivering health care services;
- determining data requirements and data standards to apply in relation to data to be provided by jurisdictions, including:
  - data and coding standards to support uniform provision of data; and
  - requirements and standards relating to patient demographic characteristics and other information relevant to classifying, costing and paying for public hospital functions;
- except where otherwise agreed between the Commonwealth and a state or territory – determining the public hospital functions that are to be funded in the state or territory by the Commonwealth.

Section 226(1) of the NHR Act enables the Commonwealth Minister for Health and Aged Care to give directions to the Pricing Authority in relation to the performance of its functions and the exercise of its powers.

The Addendum sets out the requirement for jurisdictions to submit a Statement of Assurance regarding data quality which is discussed in Section 6.4 of this Three Year Data Plan.

The Addendum requires IHACPA to integrate safety and quality into the funding of public hospital services, through the incorporation of pricing and funding approaches for sentinel events, hospital acquired complications and avoidable hospital readmissions. The Addendum also stipulates that IHACPA will work with the Commonwealth and state and territory governments to explore and trial new and innovative approaches to public hospital funding to improve health outcomes.

2.1.2 Aged care

The role of IHACPA within the Australian aged care system is to provide advice on aged care costing and pricing matters to the Commonwealth Minister for Health and Aged Care, including:

- Providing annual aged care pricing advice about methods for calculating amounts of subsidies and supplements to be paid for residential aged care, residential respite care and home care. This will involve advice on the costs of care and how changes in the costs of care should be considered in Commonwealth Government funding decisions.
- Reviewing data, conducting studies and undertaking consultation for the purpose of providing aged care costing and pricing advice.
- Performing such functions as conferred by the *Aged Care Act 1997* or the *Aged Care (Transitional Provisions) Act 1997*.
- Performing other functions relating to aged care (if any) specified in regulations.
- Undertaking other actions incidental or conducive to the performance of the above functions.

The passage of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* also saw the transfer of functions from the former Aged Care Pricing Commissioner to IHACPA. IHACPA therefore has the power to approve prices for residential aged care accommodation and extra services.

Following the passage of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022*, IHACPA may also:

- benchmark cost and activity data within the aged care system over time
- give consideration to the impact of wage increases on costs, only where these have been determined by the Fair Work Commission.

IHACPA activities relating to home care costing and pricing will be established after the future reforms take effect. The Government may request that IHACPA considers and provides advice on other aged care matters, as appropriate.

2.2 National collections for public hospital data

IHACPA continues to work closely with the Australian Institute of Health and Welfare (AIHW) and the national data governance processes to ensure that IHACPA conforms with existing data development processes and structures to the fullest extent possible. IHACPA is a Registering Authority for the Metadata Online Registry (METEOR), Australia's repository for national metadata standards for health statistics and information. All specifications for IHACPA's data sets are stored in METEOR.

IHACPA has worked with the [National Health Data and Information Standards Committee](#) (NHDISC) to incorporate ABF specific data items into existing data set specifications (DSS) where possible.

A DSS is a range of metadata that is collected for a particular purpose. DSS are distributed into one of three categories:

- National Minimum Data Set (NMDS): This is a metadata set of health data which must be collected and reported across Australia.
- National Best Endeavours Data Set (NBEDS): This is a metadata set of health data which organisations and agencies do their best to collect.
- National Best Practice Data Set: This is a metadata set of health data that is recommended for collection by agencies and organisations.

IHACPA relies on data elements reported in both NMDS and NBEDS, to inform development of the national pricing model.

IHACPA will continue to align ABF reporting requirements with existing national data collections where possible.

IHACPA supports the 'single provision, multiple use' principle outlined in clause B67d of the Addendum.

IHACPA is a signatory to the [National Health Information Agreement](#) (NHIA), which involves a commitment to cooperate with the Commonwealth and states and territories on information management. The NHIA coordinates the development, collection and dissemination of health information in Australia, including the development, endorsement and maintenance of national data standards.

2.3   Consultation

Advisory committees and working groups have been established to ensure that jurisdictions are consulted and that IHACPA's determinative functions are implemented efficiently.

IHACPA uses these advisory committees and working groups to:

- understand the impact on jurisdictions of collecting data required by IHACPA
- consult on timelines to incorporate standardised data collection methodologies
- encourage and facilitate processes that will ensure data accuracy
- review preliminary results from hospitals and provide assistance in quality assurance.

3. Security and privacy

IHACPA is tasked with collecting, securing and using information in accordance with relevant legislation and national privacy principles, ethical guidelines and practices.

3.1 Privacy

The privacy of information is of paramount importance. IHACPA manages all information in accordance with the Australian Privacy Principles in the *Privacy Act 1988* and the *Privacy Amendment (Enhancing Privacy Protection) Act 2012*, the secrecy and patient confidentiality provisions in the NHR Act as well as other statutory protections.

The NHR Act provides protections for personal information and makes provisions to ensure patient confidentiality.

All IHACPA staff are employed under the *Public Service Act 1999* and are subject to the Australian Public Service Code of Conduct.

3.2 Security

IHACPA is committed to the security of data submitted by jurisdictions. Systems and processes used for collection, analysis, storage and reporting are designed to ensure security of information.

To manage its information security risks and responsibilities, IHACPA has an internal Protective Security Policy Framework modelled on the Australian Government's [Protective Security Policy Framework](). IHACPA's Protective Security Policy Framework consists of a range of policies that interact and complement each other to provide a comprehensive framework for the handling of information collected by IHACPA. The following policies are included in IHACPA's Protective Security Policy Framework:

- IHACPA Information Security Policy – This policy outlines how IHACPA secures its information assets and information processing facilities. Information relating to IHACPA is a highly valuable asset, which requires protection from unauthorised use, disclosure, potential theft, alteration, or destruction. Effective information security management enables information to be shared while minimising IHACPA's exposure to risk.
- IHACPA Cloud Security Policy – This policy defines IHACPA's approach to the use and procurement of cloud technology services, noting that the public expects IHACPA to have a low tolerance for interruption to critical services or to breaches of the confidentiality of protected data. This policy also covers cloud service providers that provide cloud services through a private, public, community or hybrid cloud deployment model.
- IHACPA IT Operations Security Policy – This policy outlines how IHACPA secures its information assets. It demonstrates how IHACPA will ensure the confidentiality, integrity and availability of the information and technology assets it uses.

- IHACPA Consultant Access to IHACPA Protected Data Rules – This policy defines the roles and responsibilities of consultants in relation to data access, retrieval, transfer and storage of data assets.
- IHACPA Data Management Policy – This policy outlines IHACPA's approach to data retention and backup management of IHACPA's IT systems and information assets.
- IHACPA Data Breach Response Plan – This document is used to ensure that IHACPA assesses and responds to actual and suspected data breaches, and that IHACPA is able to identify and notify 'eligible data breaches' to the Privacy Commissioner in compliance with the *Privacy Act 1988*.
- IHACPA Third Party ICT and Data Management Controls – This policy sets out the conditions which IHACPA requires to be satisfied prior to protected Pricing Authority information being provided to a third party.
- IHACPA Confidential Data Management Policy – This document outlines processes and controls adopted by IHACPA in managing confidential jurisdictional information as part of IHACPA's Three Year Data Plan. This includes controls IHACPA applies to the request, access, handling, use, classification, release, storage and disposal of the confidential jurisdictional information.

As per sections 220 and 220A of the NHR Act, IHACPA may only disclose protected health care pricing and costing information or protected aged care information if the Chair of the Pricing Authority or an authorised delegate is satisfied that the information will enable or assist a relevant body or person to perform or exercise any of the functions or powers of the relevant body or person.

Requests for release of protected public hospital information by government agencies or research organisations are covered by IHACPA's Data Access and Release Policy, which enacts the relevant provisions with the NHR Act and the NHRA.

3.3   Data management

In 2017, IHACPA implemented the Secure Data Management System (SDMS), which complies with the Australian Government Information Security Manual and is hosted on infrastructure that has been approved by the Defence Signals Directorate. IHACPA has also implemented a classification grouping module and national weighted activity unit calculators which allow jurisdictions to obtain real-time feedback on the data supplied to IHACPA. These classification grouping modules and national weighted activity unit calculators currently apply to hospital data only.

As identified in the *Work Program and Corporate Plan 2023–24*, IHACPA is working on refreshing the SDMS to consolidate improvements made since 2017 and update the system to operate using modern architectures and practices. Further improvements are expected to improve the robustness and speed of data submission, loading and validation on the SDMS.

4. Compliance with the National Health Reform Agreement

Clause B67 of the Addendum specifies the requirements of the Three Year Data Plan. IHACPA acknowledges and complies with these requirements, as outlined in **Table 1**.

Table 1. Compliance with the Addendum clauses

Clause	Compliance principles	Compliance mechanisms
B67a	Seek to meet its data requirements through existing national data collections, where practical.	IHACPA has worked with the national data committees to align ABF reporting with existing NMDS and NBEDS for admitted patient care, subacute and non-acute care, emergency care, non-admitted care, mental health care and teaching, training and research.
B67b	Conform with national data development principles and wherever practical use existing data development governance processes and structures, except where to do so would compromise the performance of its statutory functions.	All new data development work has been in collaboration with the national data governance processes and groups.
B67c	Allow for a reasonable, clearly defined timeframe to incorporate standardised data collection methods across all jurisdictions.	IHACPA will consult with its Jurisdictional Advisory Committee and the national data committees prior to introducing additional data elements into collections.
B67d	Support the concept of 'single provision, multiple use' of information to maximise efficiency of data provision and validation where practical, in accordance with privacy requirements.	IHACPA supports the concept of 'single provision, multiple use'. Wherever possible, IHACPA will apply the same validations as the AIHW and provide data to agencies under clause B77 of the Addendum as requested.
B67e	Balance the national benefits of access to the requested data against the impact on jurisdictions providing that data.	IHACPA is mindful of the need to balance the benefits against the impact on jurisdictions and will continue to review this in 2023.
B67f	Consult with the Commonwealth, states and territories when determining its requirements.	IHACPA will consult with all key stakeholders through its relevant working groups, Technical Advisory Committee, Jurisdictional Advisory Committee and external national data committees prior to introducing additional data elements into collections.

5. Hospital data requirements

IHACPA requires accurate activity, cost and expenditure data from jurisdictions on a timely basis in order to perform its core determinative functions. Wherever possible, IHACPA uses pre-existing classifications and data set specifications.

5.1 Classifications

The classifications or lists that will be used to describe activity for the admitted care, subacute and non-acute care, emergency care, non-admitted care, mental health care, teaching, training and research and sentinel events service categories from 1 July 2023 are provided in **Table 2**.

Table 2. Activity based funding classifications and versions

Service category	Classification	Collection start date
Admitted acute	International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM), the Australian Classification of Health Interventions, the Australian Coding Standards Twelfth Edition; in conjunction with Australian Refined Diagnosis Related Groups (AR-DRG) Version 11.0	1 July 2023
Subacute and non-acute	Australian National Subacute and Non-Acute Patient Classification (AN-SNAP) Version 4.0	1 July 2023
Emergency (Levels 3B – 6)	Australian Emergency Care Classification (AECC) Version 1.0	1 July 2023
Emergency (Levels 1 – 3A)	Urgency Disposition Groups (UDG) Version 1.3	1 July 2023
Non-admitted	Tier 2 Non-Admitted Services Classification (Tier 2) Version 8.0	1 July 2023
Mental health	Australian Mental Health Care Classification (AMHCC) Version 1.0	1 July 2023
Teaching, training and research[1]	Australian Teaching and Training Classification (ATTC) Version 1.0	1 July 2023
Sentinel events	Australian Sentinel Events List Version 2.0	1 July 2023

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[1] As defined in the Metadata Online Registry, the metadata item for the public hospital service research activities cluster is conditional, meaning that the data elements in this cluster are only required to be reported for establishments able to collect data on research activities.

5.2 Data specifications

The NMDS and NBEDS that IHACPA will use from 1 July 2023 are divided into two sections, one each for activity data and cost data.

5.2.1 Activity data

IHACPA has developed a limited number of data set specifications for use under the ABF framework. Data set specifications that will be used to collect activity data is listed in **Table 3**.

Table 3. Data set specifications to be used in the ABF framework

Service category	Data set specifications	Start date
Admitted acute	Admitted patient care NMDS (APC NMDS) 2023–24 Admitted patient care NBEDS (APC NBEDS) 2023–24	1 July 2023
Admitted subacute and non-acute	Admitted subacute and non-acute hospital care NBEDS (ASNHC NBEDS) 2023–24	1 July 2023
Emergency (Levels 3B and above)	Non-admitted patient emergency department care NMDS (NAPEDC NMDS) 2023–24	1 July 2023
Emergency (Levels 3A and below)	Emergency service care NBEDS (ESC NBEDS) 2023–24 Emergency service care aggregate NBEDS (ESCA NBEDS) 2023–24	1 July 2023
Non-admitted services	Non-admitted patient NBEDS (NAP NBEDS) 2023–24	1 July 2023
Mental health	Activity based funding: Mental health care NBEDS (ABF MHC NBEDS) 2023–24	1 July 2023
Teaching, training and research	Hospital teaching, training and research activities NBEDS (HTTRA NBEDS) 2023–24	1 July 2023
Alternative funding source	Supplementary file to identify activity in the ABF data sets eligible for alternative funding arrangement under the NHRA or the National Partnership on COVID-19 Response (NPA). Utilises standard rules for reporting and coding episodes	1 July 2023
Individual Healthcare Identifier (IHI)	Individual Healthcare Identifier NBEDS (IHI NBEDS) 2023–24	1 July 2023

5.2.2 Cost data

IHACPA released Version 4.1 of the [Australian Hospital Patient Costing Standards](#) in August 2021.

5.2.3 Process for updating data set specifications

Data set specifications are updated to ensure that they continue to capture the data relevant to a particular service category for ABF purposes. Wherever possible, IHACPA uses established national data sets and governance structures. However, the final responsibility for making the change remains with IHACPA. Changes can vary in complexity and may subsequently require more time to update.

5.3 Local hospital networks/Public hospital establishments NMDS

The AIHW's National Public Hospital Establishments Database is compiled from data specified by state and territory health authorities. The database holds a collection of resources, expenditure and services data for all public and repatriation hospitals in Australia. The Local hospital networks/Public hospital establishments NMDS is one of the primary data sources available to IHACPA to determine the NEC for block funded services.

5.4 Commonwealth pharmaceutical program payments

The Addendum requires IHACPA to remove costs associated with programs that the Commonwealth funds through other programs, including pharmaceutical program payments. IHACPA identifies and undertakes episode level matching for these payments using de-identified Medicare PIN data provided by Services Australia, patient-level Commonwealth pharmaceutical program payments data provided by the Department of Health and Aged Care and the National Hospital Cost Data Collection (NHCDC) data. This data is required according to the timelines below.

Table 4. Timeline for Commonwealth in-scope patient-level pharmaceutical program payments data submission

Data reporting period	Data required
2022–23	31 Jul 2024
2023–24	31 Jul 2025
2024–25	31 Jul 2026

5.5 Commonwealth Medicare Benefits Schedule

Medicare Benefits Schedule (MBS) data supports IHACPA to model and evaluate the impact of new and innovative approaches to health care funding for improving the efficiency of services delivered by public hospitals and health care services. To undertake episode level matching between NHCDC data and MBS data, IHACPA uses the same linking method as for pharmaceutical program payments data.

Table 5. Timeline for Commonwealth in-scope patient-level Medicare Benefits Schedule data submission

Data reporting period	Data required
2022–23	31 Jul 2024
2023–24	31 Jul 2025
2024–25	31 Jul 2026

5.6   Commonwealth Medicare data ('Submission B' data file)

For adjusting costs associated with programs that are funded by the Commonwealth separately, IHACPA requires access to de-identified Medicare PIN and associated information from Services Australia to link payments such as pharmaceutical program and MBS to NHCDC data. This enables better understanding of patient care delivered across care settings and supports IHACPA's work in facilitating trials of innovative funding models.

Table 6. Timeline for Commonwealth Medicare data submission

Data reporting period	Data required
2022–23 (Jun – Dec)	28 Apr 2023
2022–23 full year	31 Oct 2023
2023–24 (Jun – Dec)	30 Apr 2024
2023–24 full year	31 Oct 2024
2024–25 (Jun – Dec)	30 Apr 2025
2024–25 full year	31 Oct 2025

5.7   Hospital Casemix Protocol and Private Hospital Data Bureau collection

The Addendum includes clauses which have the intent to neutralise revenue at the hospital level for public and private patients. To implement these clauses IHACPA has developed a methodology which utilises Hospital Casemix Protocol (HCP) data. Additional data on the actual state and territory payments to each Local hospital network (LHN) for public and private patients will also be required. As the quality and timeliness of the HCP collection is improved, the requirement for actual payments to LHNs may no longer be required.

The Private Hospital Data Bureau (PHDB) data collection provides a national representation of all admitted episodes of care provided within private hospitals and day facilities, together with clinical, demographic and administrative information associated with these episodes, and associated charges raised by the hospital or day facility.

IHACPA uses the HCP and PHDB collection provided by the Department of Health and Aged Care according to the timelines outlined below to:

- determine a correction factor for under-attribution of medical costs across all patients as costs associated with medical practitioners are applied equally across public and private patients
- identify payments made by insurers and the MBS for private patients in public hospitals
- quantify and analyse admitted activity undertaken in private hospitals and day facilities
- provide advice to the Commonwealth Department of Health and Aged Care to support the implementation of Prostheses List reforms.

Table 7. Timeline for Commonwealth Hospital Casemix Protocol and Private Hospital Data Bureau data submission

Data reporting period	Data required
2022–23 (Jun – Dec)	28 Apr 2023
2022–23 full year	31 Oct 2023
2023–24 (Jun – Dec)	30 Apr 2024
2023–24 full year	31 Oct 2024
2024–25 (Jun – Dec)	30 Apr 2025
2024–25 full year	31 Oct 2025

5.8   Pricing for safety and quality

The Addendum requires IHACPA to collaborate with the jurisdictions and the national bodies to determine how funding and pricing could be used to improve patient outcomes across three key areas:

- sentinel events
- hospital acquired complications
- avoidable hospital readmissions.

5.8.1 Sentinel events

Since 1 July 2017, an episode of care (across all care streams) where a sentinel event occurs is not funded in its entirety. This funding approach uses the Australian Sentinel Events List agreed to by Australian Health Ministers in 2002.

Under clause A166 of the Addendum, states and territories agree to apply a digital flag to any episode that includes a sentinel event and report the information to IHACPA. The Australian Commission on Safety and Quality in Health Care maintains the data specifications for nationally consistent reporting of sentinel events.

5.8.2 Hospital acquired complications

Implementation of the approach for hospital acquired complications does not require states and territories to submit additional data to IHACPA.

5.8.3 Avoidable Hospital Readmissions

Implementation of the approach for avoidable hospital readmissions requires a national unique patient identifier to be reported in national data set specifications.

5.9 Inclusion of unique patient identifiers in national data sets

The Individual Healthcare Identifier (IHI) is a unique patient identifier that was introduced to support the My Health Record system.

IHACPA consulted with jurisdictions on the inclusion of the IHI in national data sets used for ABF through NHDISC, the National Health Chief Information Officers Roundtable and public consultation processes. The IHI has been included in national data collections since 1 July 2022. Collection of the IHI enables IHACPA to accurately identify service delivery to patients across different care settings, financial years and hospitals.

Collection of the IHI facilitates improved reporting of patient care delivered across different care settings and is critical in supporting IHACPA's work in developing and trialling innovative funding models. The provision of the IHI is fundamental for the consideration and evaluation of trials of innovative funding models.

5.10 Ad-hoc data requests

IHACPA undertakes ad-hoc data collection and research to inform modelling, reconciliation and verification. All requests for additional data will be considered by IHACPA on a case-by-case basis, in consultation with jurisdictions through the Jurisdictional Advisory Committee and Technical Advisory Committee.

Ad-hoc data collections over the 2023–24 to 2025–26 period may relate to the following areas:

- exploration and trials of innovative funding models
- supporting reform to the Prostheses List to improve the affordability and value of private health insurance for Australians
- provision of aged care costing and pricing advice to the Commonwealth Government.

6. Hospital data submission and collection schedule

IHACPA has a detailed data submission process and collection schedule, which is essential to obtaining activity and cost data required to determine the NEP and NEC. Submissions will be made through the SDMS.

6.1 Data submission process

The data submission process is described in **Table 8**.

Table 8. Data submission process description

No.	Activity	Description
1.	Send data request	IHACPA will send an email to each jurisdiction with the following instructions: • method of delivery; • contact person at IHACPA; • data request, which will include a spreadsheet (or similar) that provides the format in which the data is to be supplied; • validation rules that IHACPA will apply to ensure that the submitted data meets the specified requirements; • summary of changes from previous versions of the data set specification; and • due date for submission.
2.	Validate data	Before submission of data, jurisdictions are able to validate data multiple times through the SDMS before submitting. The data will be validated in accordance with the instructions specified in the data request specification. IHACPA will ensure that the system is ready for the data validation four weeks before the submission due date.
3.	Submit quality assured data to IHACPA	Once jurisdictions are satisfied with the data quality based on the feedback generated by the online validation feature, data can be formally submitted within the SDMS. A confirmation email will be issued by the system following submission.
4.	Review data	Any data anomalies or errors identified by IHACPA will be discussed with the relevant jurisdiction to determine how they will be addressed.

No.	Activity	Description
5.	Decision	If there are no errors or anomalies, the final data sets are created. Otherwise, jurisdictions will be asked to make appropriate corrections and re-submit the data to IHACPA. Where the issues cannot be corrected, jurisdictions will be asked to advise IHACPA that the data is to be used with known issues.
6.	Correct identified issues	Jurisdictions correct any errors or anomalies identified by IHACPA and resubmit their data.
7.	Create data sets	After all issues are resolved the final data sets are created and made available to agencies under clause B77 of the Addendum.

States and territories are required to report hospital activity data on a quarterly 'year to date' basis to IHACPA, while teaching, training and research and hospital cost data provided through the NHCDC is reported on an annual basis. Sentinel events are to be reported every six months as part of the December and June submissions.

Quarterly 'year to date' data collection enables data from previous submissions to be corrected. For example, the end of year submission would be considered final, allowing for any missing or erroneous data in the third quarter submission to be corrected.

6.2   Activity data collection

To align with IHACPA's commitment of delivering the annual NEP Determination in March for the upcoming financial year (for example, the NEP Determination 2024–25 will be published in March 2024), IHACPA collects data from jurisdictions according to the following principles:

- Data requests are sent to jurisdictions in March of each year, three months prior to the start of the next financial year.
- Activity data for service categories (with the exception of teaching, training and research) to be submitted to IHACPA quarterly on a year to date basis, hence the fourth quarter data submissions will include all activity data for that financial year).
- Sentinel events to be submitted to IHACPA biannually as part of the December and June data submissions.
- Activity data for teaching, training and research to be submitted to IHACPA on an annual basis.
- Data for each quarter is due by the last working day of the following quarter (for example, data for the June 2023 quarter period is due on 30 September 2023).
- IHACPA validates the submitted data within two weeks and provides feedback to jurisdictions who have two weeks to correct any identified issues and resubmit the data to IHACPA.
- The acceptance of any data resubmissions for the purposes of calculating funding entitlements are a matter for the Administrator.

6.2.1 Admitted patient care activity

- Admitted patient care activity data is reported once a separation has occurred.
- Due to 'coding lag' (elapsed time between the date of service provision and the diagnosis details being coded) previous quarter admitted acute activity data can be revised when the subsequent quarter is submitted.

6.2.2 Admitted subacute and non-acute patient care activity

- Admitted subacute and non-acute patient care activity is reported once a separation has occurred.

6.2.3 Emergency patient care activity

- Emergency patient care activity is reported once the emergency department or emergency service stay has been completed.

6.2.4 Non-admitted patient care activity

- Non-admitted patient care activity is reported once the service event has been completed.

6.2.5 Mental health patient care activity

- Mental health patient care activity will be either admitted, ambulatory or residential episodes.
- Admitted mental health care activity is reported once a separation has occurred.
- Ambulatory and residential mental health activity is reported each quarter it remains open.

6.2.6 Sentinel events

- A sentinel event is reported once a separation has occurred or service event has been completed.

6.2.7 Alternative funding source

- A supplementary file can be used to identify coronavirus disease 2019 (COVID-19) and other hospital activity in the ABF data sets eligible for funding under the NHRA or the NPA.
- Where activity relates directly to the COVID-19 response (for example, a COVID-19 hospital admission, emergency department attendance or non-admitted clinic visit), this can be identified in the activity data.
- Where activity does not relate to confirmed or suspected COVID-19 episodes and jurisdictions nominate that it be funded under the NPA and will be identified through a supplementary file.
- Any activity or program (for example, HealthLinks or high cost, highly specialised therapy procedures) outside of standard ABF practice, will be identified through a supplementary file.

6.2.8 Individual Healthcare Identifier (IHI)

- The IHI is reported against admitted acute, admitted subacute and non-acute, emergency, non-admitted and mental health episodes of care recorded in health metadata sets (for example, NMDS and NBEDS) provided by states and territories to IHACPA.

- An IHI is unique to a patient and does not change.
- An IHI is assigned automatically to individuals registered with Medicare Australia or enrolled in the Department of Veterans' Affairs programs.

The timelines for the submission of activity data between 2023–24 and 2025–26 are shown below.

Table 9. Activity data submission timeline

Financial year	Data reporting period	NBEDS published	Data request sent	Submission date
2023–24	Sep Quarter	31 Dec 2022	17 Mar 2023	22 Dec 2023
	Dec Quarter	31 Dec 2022	17 Mar 2023	29 Mar 2024
	Mar Quarter	31 Dec 2022	17 Mar 2023	28 Jun 2024
	Jun Quarter	31 Dec 2022	17 Mar 2023	30 Sep 2024
2024–25	Sep Quarter	31 Dec 2023	22 Mar 2024	24 Dec 2024
	Dec Quarter	31 Dec 2023	22 Mar 2024	31 Mar 2025
	Mar Quarter	31 Dec 2023	22 Mar 2024	30 Jun 2025
	Jun Quarter	31 Dec 2023	22 Mar 2024	30 Sep 2025
2025–26	Sep Quarter	31 Dec 2024	21 Mar 2025	24 Dec 2025
	Dec Quarter	31 Dec 2024	21 Mar 2025	31 Mar 2026
	Mar Quarter	31 Dec 2024	21 Mar 2025	30 Jun 2026
	Jun Quarter	31 Dec 2024	21 Mar 2025	30 Sep 2026

6.3   National Hospital Cost Data Collection

IHACPA uses NHCDC data collected three years earlier to calculate the NEP each year. For example, the NEP Determination 2024–25 will be calculated using cost data from the Round 26 (2021–22) NHCDC. The timeframes for the submission of cost data are shown below.

Table 10. National Hospital Cost Data Collection data submission timeline

NHCDC Round	Data reporting period	Data request sent	Submission date	IHACPA review date	Latest resubmission date
27	2022–23	31 Jul 2023	28 Feb 2024	15 Mar 2024	29 Mar 2024
28	2023–24	31 Jul 2024	28 Feb 2025	14 Mar 2025	28 Mar 2025
29	2024–25	31 Jul 2025	27 Feb 2026	13 Mar 2026	27 Mar 2026

6.4   Reporting jurisdictions compliance with data requirements

Jurisdictions are required to submit activity data to IHACPA on a quarterly basis with the exception of teaching, training and research data which is submitted on an annual basis. NHCDC data are also submitted annually, as is Pharmaceutical Benefits Scheme data from the Department of Health and Aged Care. IHACPA reports on jurisdiction compliance as per clause B81 of the Addendum.

The process for reporting compliance will be managed in accordance with IHACPA's Data Compliance Policy.

Jurisdictions will be judged to have complied with IHACPA's data requirements if they:

- have provided the data required as specified in the data request; and
- have provided the data in the timeframes requested.

If a jurisdiction does not meet both of these requirements for any given quarterly period, they will be regarded as being non-compliant. This information will be published on the IHACPA website on a quarterly basis.

However, it is also important to note that where a jurisdiction is judged to be non-compliant, it will have an opportunity to communicate the circumstances to IHACPA. In this instance IHACPA will work with the jurisdiction to improve the data submission process over time.

Clause B82 of the Addendum requires the Commonwealth and states and territories to provide IHACPA with a Statement of Assurance certifying completeness and accuracy of data submissions or resubmission from a senior health department official biannually on the completeness and accuracy of its data submissions. IHACPA will provide these Statements of Assurance to the Administrator for reconciliation purposes.

The provision of the Statement of Assurance does not prevent a jurisdiction from resubmitting data to improve previous submissions, subject to the timing requirement in clause A78 of the Addendum. Each approved submission or resubmission of data is accompanied by a Statement of Assurance.

7. Aged care data requirements

IHACPA requires accurate classification and financial expenditure data from aged care facilities on a timely basis in order to provide advice on aged care costing and pricing to the Commonwealth Minister for Health and Aged Care.

7.1 Residential aged care

7.1.1 Classifications

On 1 October 2022, the Australian National Aged Care Classification (AN-ACC) residential care funding model replaced the Aged Care Funding Instrument. The AN-ACC funding model provides subsidies to approved aged care providers based on the type of service and each residents' care needs through the application of national weighted activity units to the AN-ACC price.

IHACPA is required to provide advice to the Department of Health and Aged Care to inform decisions on annual funding increases in residential aged care, including residential respite, from 1 July 2023.

IHACPA requires access to the AN-ACC data and residential aged care provider financial information for costing analysis and other functions conferred upon it by the amended *Aged Care Act 1997* and amended NHR Act.

The following information is required to be provided to IHACPA from the Department of Health and Aged Care. IHACPA acknowledges that this level of reporting is new for the sector and the potential limitations of the data.

Table 11. Data requirements from the Department of Health and Aged Care

Data	Description
Residential aged care provider historical financial reports Aged Care Financial Report (ACFR) data	• All ACFR data fields submitted for residential aged care providers. • Detailed information about where providers spend their money at the residential aged care facility level, including staffing costs, care hours and resident expenses.
Residential aged care services data	• A list of all residential aged care services which align with the period of ACFR reporting. • Facility level star ratings. • Facility level safety sanctions and accreditation status. • Facility characteristics including Modified Monash Model classification, Indigenous status and Base Care Tariff eligibility.

Data	Description
AN-ACC shadow assessment and classification data	• All completed residential aged care recipients' AN-ACC shadow assessments and classifications (with names removed, but IDs to allow linking with other resident level data), provided six-monthly for the AN-ACC shadow assessment period. • List of residential aged care services that have AN-ACC shadow assessments completed.
Historical Aged Care Funding Instrument (ACFI) data	• Detailed information about all residential aged care recipients' ACFI appraisals in the Activities of Daily Living; Behaviour and Complex Health Care Domains. • Residential aged care recipients' ACFI classification.
Residential aged care subsidy, supplement and service utilisation data	• Residential aged care subsidy, supplement and service utilisation data (including for permanent and respite care) at resident level (with names removed, but IDs included to allow linking with other resident level data) with provider and facility listed, provided six-monthly.

7.1.2 Data specifications

IHACPA will utilise facility financial and resident level data sets currently compiled by the Department of Health and Aged Care, as outlined in **Table 12**. IHACPA is in the process of creating new data sets containing costed information at a resident level. These data sets have not yet been developed and will be added in the future.

Table 12. Aged care data sets

Data set	Data set specifications	Start date
AN-ACC Resident Level	AN-ACC resident level assessment and end classes	1 July 2023
AN-ACC Facility Level	AN-ACC facility level information and characteristics	1 July 2023
Quarterly Financial Report	Quarterly Financial Report of service level financial, labour and nutrition information	1 July 2023
ACFR	ACFR of service level financial expenditure information	1 July 2023

7.2 Support at Home Program

Delivered on 25 October 2022, the Federal Budget 2022–23 further expanded IHACPA's functions to include the development of advice on in-home aged care reforms by 1 July 2024. The Commonwealth Support at Home Program provides entry-level support services for older people who require assistance to live independently at home.

IHACPA is required to provide pricing advice to the Department of Health and Aged Care to inform decisions on the Support at Home Program from 1 July 2024.

IHACPA is in the process of developing governance arrangements and a methodology for the provision of this advice. Any data requirements will be included in future Three Year Data Plans.

Appendix A – IHACPA and the Administrator

IHACPA has worked collaboratively with the Administrator in revising the IHACPA Three Year Data Plan as part of IHACPA's commitment to the principle of data rationalisation expressed in the Addendum particularly the 'single provision, multiple use' concept.

The national bodies use cost and expenditure data through the same key collections – the NHCDC, the National Public Hospitals Establishments Database and the Public Hospitals Establishments Data Set Specification.

Table A1 details the activity data collections utilised by the national bodies.

Table A1. Comparative activity data collections utilised by the national bodies

| Service category | National agencies | | | Year of data collection | | | | | |
| | IHACPA | | Administrator | 2023–24 | | 2024–25 | | 2025–26 | |
	ABF	Block-funded		Data spec	Classification	Data spec	Classification	Data spec	Classification
Admitted acute	✓	✓	✓	APC NMDS 2023–24 APC NBEDS 2023–24	ICD-10-AM Twelfth Edition and AR-DRG Version 11.0	APC NMDS 2024–25 APC NBEDS 2024–25	ICD-10-AM Twelfth Edition and AR-DRG Version 11.0	APC NMDS 2025–26 APC NBEDS 2025–26	ICD-10-AM Thirteenth Edition and AR-DRG Version 11.0
Emergency (Levels 3B – 6)	✓	✓	✓	NAPEDC NMDS 2023–24	AECC Version 1.0	NAPEDC NMDS 2024–25	AECC Version 1.0	NAPEDC NMDS 2025–26	AECC Version 1.0
Emergency (Levels 1 – 3A)	✓	✓	✓	ESC NBEDS / ESCA NBEDS 2023–24	UDGs Version 1.3	ESC NBEDS / ESCA NBEDS 2024–25	UDGs Version 1.3	ESC NBEDS / ESCA NBEDS 2025–26	UDGs Version 1.3
Non-admitted services	✓		✓	NAP NBEDS 2023–24	Tier 2 Version 8.0	NAP NBEDS 2024–25	Tier 2 Version 8.0	NAP NBEDS 2025–26	Tier 2 Version 8.0
Mental health	✓	✓	✓	ABF MHC NBEDS 2023–24	AMHCC Version 1.0	ABF MHC NBEDS 2024–25	AMHCC Version 1.0	ABF MHC NBEDS 2025–26	AMHCC Version 1.0
Admitted subacute and non-acute	✓	✓	✓	ASNHC NBEDS 2023–24	AN-SNAP Version 4.0	ASNHC NBEDS 2024–25	AN-SNAP Version 5.0	ASNHC NBEDS 2025–26	AN-SNAP Version 5.0

| Service category | National agencies | | | Year of data collection | | | | | |
| | IHACPA | | Administrator | 2023–24 | | 2024–25 | | 2025–26 | |
	ABF	Block-funded		Data spec	Classification	Data spec	Classification	Data spec	Classification
Teaching, training and research		✓		HTTRA NBEDS 2023–24	ATTC Version 1.0	HTTRA NBEDS 2024–25	ATTC Version 1.0	HTTRA NBEDS 2025–26	ATTC Version 1.0
Alternative funding source	✓	✓	✓	Supplementary file to identify activity in the ABF data sets eligible for alternative funding arrangement under the NHRA or NPA.	N/A	Supplementary file to identify activity in the ABF data sets eligible for alternative funding arrangement under the NHRA or NPA.	N/A	Supplementary file to identify activity in the ABF data sets eligible for alternative funding arrangement under the NHRA or NPA.	N/A
Individual Healthcare Identifier (IHI)	✓	✓	✓	IHI NBEDS 2023–24	N/A	IHI NBEDS 2024–25	N/A	IHI NBEDS 2025–26	N/A

Table A2 details other data collections utilised by these two national agencies.

Table A2. Other data collections utilised by the national bodies

	National agencies			Year of data collection			Data source
	IHACPA		Administrator	2023–24	2024–25	2025–26	
Category	ABF	Block-funded		Data collection	Data collection	Data collection	
In-scope pharmaceutical program payments	✓	✓	✓	Commonwealth in-scope patient-level pharmaceutical program payments data	Commonwealth in-scope patient-level pharmaceutical program payments data	Commonwealth in-scope patient-level pharmaceutical program payments data	Provided to IHACPA by the Department of Health and Aged Care
De-identified Medicare number and funding source information	✓	✓	✓	'Submission B' data file provided by the states and territories to Services Australia	'Submission B' data file provided by the states and territories to Services Australia	'Submission B' data file provided by the states and territories to Services Australia	Provided to IHACPA by Services Australia
Private Health Insurance payments for private patients in public hospitals	✓	✓	✓	Hospital Casemix Protocol Collection	Hospital Casemix Protocol Collection	Hospital Casemix Protocol Collection	Provided to IHACPA by the Department of Health and Aged Care
State and territory payments to LHNs for public and private patients	✓	✓	✓	State and territory payments to LHNs for public and private patients	State and territory payments to LHNs for public and private patients	State and territory payments to LHNs for public and private patients	Provided to IHACPA by the states and territories
Sentinel events	✓	✓	✓	Data file which identifies episodes with sentinel events to be provided by the states and territories using Australian Sentinel Events List Version 2.0	Data file which identifies episodes with sentinel events to be provided by the states and territories using Australian Sentinel Events List Version 2.0	Data file which identifies episodes with sentinel events to be provided by the states and territories using Australian Sentinel Events List Version 2.0	Provided to IHACPA by the states and territories

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