

Independent Health and Aged Care Pricing Authority's role in aged care pricing

Our history

The Independent Health and Aged Care Pricing Authority (IHACPA) is an independent government agency. The agency was originally named the Independent Hospital Pricing Authority (IHPA) and established under the *National Health Reform Act 2011 (Cwlth) (the Act)*, as part of the National Health Reform Agreement reached by all Australian Governments in 2011.

IHACPA was established to promote improved efficiency in, and access to, public hospital services through the provision of independent, impartial, evidence-based advice to Australian governments. IHACPA achieves this by developing and implementing robust and transparent systems to support activity based funding for those services.

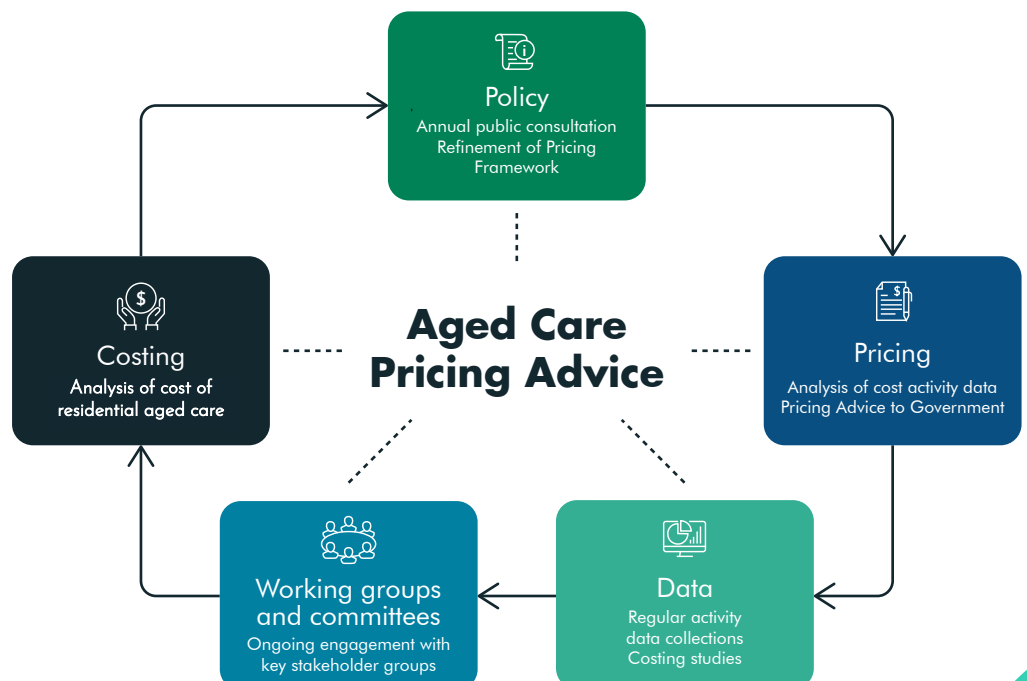
Following the expansion of IHACPA's role in August 2022, IHACPA now provides independent costing and pricing expertise across both public hospitals and aged care.

IHACPA's role in aged care

Among the recommendations of the Royal Commission into Aged Care Quality and Safety were recommendations to establish an independent pricing authority for aged care services. To address this recommendation, the Australian Government has expanded the functions of the existing IHPA and renamed it to become IHACPA.

IHACPA's role within the aged care sector is to provide aged care costing and pricing advice to the Minister for Health and Aged Care. It is the Minister for Health and Aged Care who is responsible for determining the price for aged care services.

The established expertise of IHACPA in public hospital funding provides a strong foundation for its expanded role in aged care. However, IHACPA acknowledges the need to ensure its aged care costing and pricing advice is specific to the aged care system.



IHACPA's stakeholder engagement

IHACPA relies on significant input from stakeholders to ensure that its classification systems, counting and costing rules, and pricing models, are robust, appropriate and respond to changes in the sector.

Annual public consultation will enable stakeholders to provide input into the development of the Pricing Framework for Australian Residential Aged Care Services and subsequent refinements, which will inform how IHACPA develops its aged care pricing advice.

IHACPA also has a range of statutory committees, advisory committees and working groups that allow stakeholders, technical experts, clinicians, and health care consumers to contribute to its work program. New committees including the Aged Care Advisory Committee will be established to extend this structure and approach to IHACPA's aged care functions.

Additional sub-committees relating to aged care will be established. IHACPA will ensure that membership represents the different provider types operating in the sector and the diversity of stakeholders and perspectives.

IHACPA's residential aged care pricing advice process

IHACPA will provide pricing advice to the Minister for Health and Aged Care. This will be used to inform Australian Government decisions on residential aged care and residential respite care funding annually.



IHACPA's other roles in aged care pricing

The Australian Government is also undertaking reforms to in home support. The new Support at Home program will be implemented from 1 July 2025. IHACPA will provide pricing advice to the Minister for Health and Aged Care that will be used to inform Australian Government decisions on this program.

The passage of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* (Cwlth) also saw the transfer of functions from the former Aged Care Pricing Commissioner to IHACPA. IHACPA therefore has the power to approve prices for [refundable accommodation deposits \(RAD\)](#) and increases in [extra service fees](#).

IHACPA may also:

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

Have your say

IHACPA is committed to ongoing open and transparent consultation with the Australian Government, states and territories, the aged care sector, aged care stakeholders and the general community.

To ensure consultation is meaningful, IHACPA invites public comment on our work programs and policies. To stay informed about IHACPA updates, events and consultations, visit ihacpa.gov.au/subscribe

Further information

To learn more about the Independent Health and Aged Care Pricing Authority, get in touch with us via the details below.

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Find us online to connect with us.

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