



IHACPA

Media release

Wednesday 13 December 2023

IHACPA releases the Pricing Framework for Australian Public Hospital Services 2024–25

The Independent Health and Aged Care Pricing Authority (IHACPA) has released the Pricing Framework for Australian Public Hospital Services 2024–25 (the Pricing Framework) following public consultation.

The Pricing Framework, updated annually, outlines the policy and evidence that will inform the development of the National Efficient Price (NEP) Determination 2024–25 (NEP24) and the National Efficient Cost (NEC) Determination 2024–25 (NEC24).

The Australian Government will use these determinations to calculate their funding of Australian public hospital services in the 2024–25 financial year.

Significant updates to the Pricing Framework include an intention to transition community mental health care from block funding to activity based funding and factoring ongoing financial pressures into the pricing model.

IHACPA Chair, Mr David Tune AO PSM said: ‘Developing a sustainable pricing model every year calls for a high level of collaboration and critical analysis to ensure funding of Australian public hospital services is transparent and equitable.’

For the first time, the Pricing Framework presents IHACPA’s intention to price community mental health care services using the Australian Mental Health Care Classification Version 1.0 for NEP24 after three years of shadow pricing.

‘The transition from block funding to activity based funding in community mental health care is the culmination of over 10 years of work from IHACPA and stakeholders,’ Mr Tune said.

‘The important shift towards a consumer-centred classification and funding model will improve transparency and give more clarity to hospitals and service providers. It will also ensure funding is based on the volume, type and complexity of mental health care delivered in the community.’

The Pricing Framework also presents IHACPA’s approach to managing the ongoing impact of financial pressures on public hospital services following a year of collaboration with jurisdictions. It ensures changes in demand for hospital services, inflationary pressures and the higher costs associated with treating patients with COVID-19 are accounted for in the NEP and NEC Determinations for 2024–25.

Other updates include:

- pricing the updated Australian National Subacute and Non-Acute Patient Classification Version 5.0 for NEP24 after two years of shadow pricing
- introducing two new classes relating to the supervised administration of opioid agonist treatment and home-based subcutaneous immunoglobulin infusion treatment in non-admitted setting.

Each year, IHACPA updates the Pricing Framework to reflect healthcare changes.

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The latest version was developed following extensive consultation with jurisdictions and stakeholders, and analysis of 27 submissions received in response to IHACPA's *Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2024–25*.

Submissions and a summary of feedback are available on IHACPA's website.

IHACPA will release the final NEP and NEC Determinations in March 2024.

About IHACPA

IHACPA is an independent federal government agency that supports the Australian Government to fund public hospitals and aged care services more efficiently.

Established in 2011, IHACPA uses data and consults widely to determine the annual cost and price of public hospital services and provide advice to inform government decisions on the cost and price of aged care services.

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