



IHACPA

Media release

19 March 2024

National Efficient Price and National Efficient Cost Determinations for 2024–25 released

The Independent Health and Aged Care Pricing Authority (IHACPA) has released the National Efficient Price (NEP) and National Efficient Cost (NEC) Determinations for 2024–25 following extensive consultation with jurisdictions and the general public.

The Administrator of the National Health Funding Pool will use these determinations to calculate the Australian Government funding contribution for Australian public hospital services in the 2024–25 financial year.

The Pricing Authority Chair, Mr David Tune AO PSM said: ‘Developing an annual evidence-based pricing model calls for a high level of collaboration with jurisdictions to ensure the fair and transparent funding of Australian public hospital services, no matter where they are located.’

The annual NEP sets the Australian Government payments for in-scope public hospital services that are funded on an activity basis. The NEP for 2024–25 is \$6,465 per national weighted activity unit (NWAU). For example:

- A tonsillectomy has a weight of 0.7901 NWAU which equates to \$5,108.
- A coronary bypass (minor complexity) has a weight of 6.0518 NWAU which equates to \$39,125.
- A hip replacement (minor complexity) has a weight 4.0954 NWAU which equates to \$26,477.

The annual NEC provides for services that are block funded, such as for small rural hospitals. For 2024–25, the fixed cost is \$2.380 million and the variable cost is \$6,770.

The determinations are based on an extensive work program of research and analysis into healthcare needs and changes to activity levels, service delivery and models of care, as summarised in the [Pricing Framework for Australian Public Hospital Services 2024–25](#).

The pricing framework was informed by consultation with jurisdictions and broader health stakeholders, and analysis of 27 submissions to a consultation paper.

The pricing framework signalled the intent to progress to activity based funding for community mental health care from 1 July 2024. However, to further enable jurisdictional readiness for the transition, a fourth and final year of shadow pricing will be undertaken for 2024–25, ahead of progression to pricing community mental health care from 1 July 2025.

Independent Health and Aged Care Pricing Authority

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A range of adjustments to the pricing model, including the intensive care unit eligibility criteria and adjustment and the paediatric adjustment will be reviewed for the 2025–26 determinations.

The determinations also account for the ongoing financial pressures facing public hospital services arising from inflation and the higher costs associated with treating patients with COVID-19.

For media enquiries, contact:

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