



IHACPA

Media release

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Pricing Framework for Australian Public Hospital Services 2025–26 open for consultation

The Independent Health and Aged Care Pricing Authority (IHACPA) has today released its [Consultation Paper on the Pricing Framework for Australian Hospital Services 2025–26](#).

The consultation is open to the public for 30 days until Friday 7 June 2024.

The consultation paper is the main opportunity for stakeholders to provide input on IHACPA's policy approach, to develop the national efficient price (NEP) and national efficient cost (NEC) determinations for Australian public hospital services.

Feedback received will inform the development of major policy decisions outlined in the final Pricing Framework for Australian Public Hospital Services 2025–26, which underpins the determinations. These determinations play a crucial role in calculating the Commonwealth funding contribution to public hospitals for the next financial year.

The focus of this year's consultation is to seek feedback on the agency's approach to pricing using updated classifications, refinements to the national pricing model to better account for changes in service delivery, and improvements to data collection and safety and quality measures.

The Chair of the Pricing Authority, Mr David Tune AO PSM said, "It is our hope that stakeholders across the healthcare sector will provide their valuable feedback on the approaches IHACPA can take to ensure policies improve the transparency and efficiency of pricing and support a sustainable future for public hospitals."

Updated classifications for pricing to better reflect complexity of care

As part of this consultation, IHACPA is seeking feedback on a proposal to use an updated classification for the pricing of emergency department services and mental health care for the NEP Determination 2025–26 (NEP25).

The updated classification Australian Emergency Care Classification Version 1.1, which will be released by mid-2024, includes updates to the complexity model based on the most recent national activity and cost data.

IHACPA is also seeking feedback on our proposal to transition community mental health from block funding to activity based funding using the Australian Mental Health Care Classification (AMHCC) Version 1.1 for NEP25. AMHCC Version 1.1 was released in December and is a modest refinement of the classification structure.

This milestone follows 4 years of shadow pricing and over 10 years of extensive work with IHACPA's jurisdictional and clinical stakeholders to develop a consumer-centred classification for mental health care services.

Independent Health and Aged Care Pricing Authority

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Mr David Tune AO PSM observed, “Since it was introduced in 2011, activity based funding has served as a cornerstone in the reforms that aim to improve the value of public investment in Australian hospital care. This year, we are committed to working closely with the Australian Government and state and territory governments to introduce greater funding transparency for community mental health care through the proposed transition of these services from block funding to activity based funding.”

IHACPA proposes to price both admitted and community mental health care services using AMHCC Version 1.1.

Accounting for and responding to the needs of the healthcare system

This consultation is also seeking feedback to address any potentially enduring impacts of the COVID-19 pandemic response and the need to prepare for future system disruptions. This includes variations in public hospital activity and costs that have endured since the onset of COVID-19, and principles and processes, that could guide an appropriate pricing response to significant disruptions to the health system.

In addition, building on the analysis undertaken in 2023, IHACPA is seeking feedback on options for refining the eligibility criteria and calculation of the intensive care unit adjustment to inform future determinations.

Improvements to data collection and safety and quality

Stakeholders can also provide input on improvements to the National Benchmarking Portal to enhance its usability and overall user experience.

Further, IHACPA incorporates safety and quality adjustments into its national pricing model to improve patient outcomes. These are intended to act as a price signal and raise awareness about how to improve patient care in 3 key areas: sentinel events, hospital acquired complications and avoidable hospital readmissions. Feedback is sought on whether these adjustments are meeting their policy objectives and on pricing-related approaches to reward high quality care.

Submissions

IHACPA is calling for submissions on the consultation paper until 5pm AEST 7 June 2024.

Submissions can be emailed to submissions.ihacpa@ihacpa.gov.au or mailed to PO Box 483 Darlinghurst NSW 1300.

ENDS

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