

These frequently asked questions explain the work we are undertaking to develop the Pricing Framework for Australian Residential Aged Care Services. The answers can also help guide you when making a submission to our consultation paper.

1. What is our role in residential aged care and residential respite care?

IHACPA is responsible for providing evidence-based advice on the pricing and costing of residential aged care services to the Australian Government.

We review data, conduct cost data collections and undertake consultations every year to inform our residential aged care pricing and costing advice.

Our advice may include recommended adjustments to the Australian National Aged Care Classification (AN-ACC) funding model, such as national weighted activity unit price weights, Base Care Tariff categories and AN-ACC classes. This advice will inform government decisions on residential aged care and residential respite care funding for each year.

IHACPA also performs functions in aged care under the [Aged Care Act 1997](#) and the [Aged Care \(Transitional Provisions\) Act 1997](#).

2. When did we start providing residential aged care pricing advice?

Following the passage of the [Aged Care and Other Legislation Amendment \(Royal Commission Response\) Act 2022](#) on 12 August 2022, the Independent Hospital Pricing Authority was expanded and renamed to become IHACPA.

Our annual residential aged care pricing and costing advice has been provided to government from 1 July 2023.

3. Is our role in residential aged care the same as our role in Australian public hospital funding?

No. For Australian public hospital services, we determine the national efficient price and national efficient cost for delivering public hospital services each year.

In contrast, our role in residential aged care pricing is advisory. The government remains responsible for determining the price for residential aged care services and residential respite care services.

4. How is our role in residential aged care different to the role of the Department of Health and Aged Care?

We provide annual pricing advice to government on the costs of care and how changes in the cost of care may be considered by government when making funding decisions.

IHACPA aims to ensure that our pricing advice is informed by a range of evidence, including cost data collections and consultation feedback.

The department will continue to be the aged care system operator, and retains policy and system management responsibility for matters, including:

- aged care subsidies, supplements and grants
- approval and classification of care recipients for care funding
- approved provider obligations and responsibilities
- financial viability of the sector
- quality of care
- care minutes and 24/7 registered nurse requirements in residential aged care
- appropriate level of financial contributions by residents
- operational aspects of the AN-ACC funding model:
 - determining how AN-ACC assessments are undertaken
 - the requirements for reclassification
 - contracting independent Assessment Management Organisations to undertake AN-ACC assessments.

5. How is our role in residential aged care different to the role of the Aged Care Quality and Safety Commission?

The commission remains responsible for a range of functions that are outside the scope of IHACPA's role, including:

- approval of providers to deliver aged care services
- assessment and monitoring of the quality care and services against the [Aged Care Quality Standards](#)
- aged care regulation including compliance, investigations and complaints resolution
- financial and prudential regulation.

6. Will the work of the Aged Care Taskforce be considered in our residential aged care pricing framework and pricing advice?

The taskforce was established by the Minister for Aged Care, the Hon Anika Wells, to review funding arrangements for aged care and develop options for a system that is fair and equitable. The taskforce handed down its final report on 12 March 2024.

We understand government is considering findings from the report prior to commencing consultation on the recommendations, as further work is needed to develop a practical policy approach. IHACPA will work with government to understand the principles in the final report and the recommendations from the taskforce, including any impact on our pricing framework and pricing advice.

More information on the taskforce can be found on the [Department of Health and Aged Care's website](#).

7. What is our role in AN-ACC?

IHACPA provides annual advice to government on the national price for residential aged care and residential respite care. This advice includes recommendations for the AN-ACC funding model, such as national weighted activity unit price weights, Base Care Tariff categories and AN-ACC classes.

8. Do we determine a resident's AN-ACC class?

No, we do not determine a resident's AN-ACC class.

Independent assessors use the AN-ACC assessment tool to evaluate each resident's characteristics that drive the costs of care and assign them to one of 12 AN-ACC classes. This does not include class 1 - 'admit for palliative care'.

For more information about AN-ACC assessments, visit the AN-ACC assessment process and classification on the [Department of Health and Aged Care's website](#).

9. How will our role in residential aged care impact people receiving care?

The provision of our residential aged care pricing advice aims to ensure that aged care funding, including through AN-ACC, is directly informed by the costs of care and is responsive to various regulatory reforms in the aged care sector.

We support a range of objectives through our annual pricing advice for residential aged care and residential respite care. This includes pricing advice that recognises aged care providers' need to deliver the person-centred, quality care expected by the community. Some objectives may be achievable in the short to medium term. Others, such as improved efficiency of the sector, will be achieved over the longer term.

10. What will we consider in our analysis of residential aged care costs?

We will consider a range of cost differentials by service size, type or location and the costs associated with some specific resident groups and AN-ACC classes.

A key element of our pricing advice relates to the AN-ACC funding model. Elements of care included for the AN-ACC funding model are specified in Part 2 and Part 3 of Schedule 1 – Care and services for residential care services of the [Quality of Care Principles 2014](#) under section 96-1 of the *Aged Care Act 1997* (Cth).

The [Pricing Authority](#), who are IHACPA's board, relies on a number of different data sources to inform the design and key parameters of the model when providing pricing advice. We undertake regular data collections, consider other available cost and activity data (such as the Aged Care Financial Report and Quarterly Financial Report data), and seek input from stakeholders through annual public consultation and advisory committees. We invite stakeholders to make submissions about these issues in response to the consultation paper, which is released annually.

11. Will the processes used in aged care pricing follow the same methods used for Australian public hospital pricing?

Our established role in public hospital pricing relies on a consultative, transparent and evidence-based approach. We are committed to these same principles in developing our aged care pricing and costing advice.

However, we acknowledge the need to ensure our aged care pricing and costing advice is developed specifically for the aged care sector. IHACPA is committed to transparency and accountability in making impartial, evidence-based and timely decisions that are right for aged care.

While we will build on and draw from the principles adopted for public hospital pricing, the technical aspects of cost data collections and the modelling for our pricing advice is developed specifically for aged care.

More information about how we calculate residential aged care advice can be found on the latest Residential Aged Care Pricing Advice 2023–24 and the Residential Aged Care Pricing Advice 2023–24 Technical Specifications, available on the [IHACPA website](#).

12. Will we consider aged care wages in our pricing advice?

We will provide pricing advice that considers the impact of wage increases on costs, only where these have been determined by the Fair Work Commission. Where a wage determination is made and takes effect outside of our advice cycle, the Minister for Health and Aged Care may seek additional advice from us.

We will not assess the appropriateness of wages within the aged care sector.

We note that any future Fair Work Commission decisions on minimum wage rises may impact pricing advice.

13. What is 'pricing and costing'?

Pricing refers to the development of pricing advice to government based on analysis of activity and cost data.

Costing refers to the analysis of the care related costs in residential aged care services.

To support the development of evidence-based pricing advice, we undertake regular cost data collections from residential aged care services.

The residential aged care cost data collections will evolve over time to capture changes in the care environment and increase the maturity of the collections. In addition to cost data, advice developed by IHACPA will be informed by other data and information from a range of sources.

14. How often will we review pricing and costing advice for residential aged care services?

We develop and provide annual advice to inform government decisions on the pricing of residential aged care and residential respite care. We may also provide advice at other times if requested by government.

As part of annual pricing development, we will review the pricing framework to reflect new developments in pricing and costing.

To support this process, a consultation paper is released each year to engage stakeholder views on the proposed approach to pricing and costing of residential aged care services.

15. When will our advice start being considered by government to inform residential aged care and residential respite pricing advice?

Our advice to inform government decisions on the pricing of residential aged care and residential respite care commenced from 1 July 2023. We have continued to provide annual advice to the government each year. Our most recent advice was released on 26 May 2023.

16. Will we advise government on means testing and resident contributions in aged care?

No, we will not provide advice on means testing arrangements or the appropriate level of resident contributions in residential aged care. This will remain the responsibility of government.

17. Will the Pricing Framework for Australian Residential Aged Care Services also include the Support at Home program?

No, the pricing framework will focus on pricing advice for residential aged care and residential respite care.

We will provide separate advice and public consultation for the Support at Home program. More information about our role in Support at Home can be found on the [IHACPA website](#).

18. What is the purpose of the public consultation?

The consultation paper is the main opportunity for the aged care community to contribute to the development and refinement of the pricing framework each year.

Our public consultation ensures we gather your views on priorities for pricing advice in the year ahead. It also helps with the development of future priorities and potential areas of focus for future cost data collections.

We rely on a consultative, transparent and evidence-based approach to the development of our pricing advice. For this reason, it's important we hear from a wide range of individuals and organisations from across residential aged care, including aged care workers and providers of all types and size, people receiving care, families or representatives, healthcare providers and the public.

19. Can anyone provide feedback on the consultation paper?

Yes. We are focused on ensuring that submissions are representative of the whole sector and the community. Submissions are welcome to reflect the diversity of stakeholders in aged care, including people receiving care, their representatives and a wide range of organisations, roles, backgrounds and perspectives.

20. What services does AN-ACC apply to?

AN-ACC is the funding model for residential aged care and residential respite care services, which commenced 1 October 2022.

For more information on AN-ACC, please refer to the AN-ACC funding guide available on the [Department of Health and Aged Care's website](#).

21. What is the purpose of the Pricing Framework for Australian Residential Aged Care Services?

The pricing framework is the key policy document for IHACPA for residential aged care and residential respite care.

The pricing framework outlines the principles, scope and methodology that is adopted to provide annual pricing advice to inform government decisions on residential aged care and residential respite care funding.

22. What will happen with my submission?

Unless you specifically request that your submission or parts of your submission should not be released, all submissions will be published on the [IHACPA website](#). We retain the right not to publish any submissions, or part thereof, where we consider it appropriate to do so.

Personal contact details for all submissions will be removed or redacted from each submission before they are published on our website. Your information will be stored securely and used in accordance with [IHACPA's Privacy Policy](#).

The Pricing Framework for Australian Residential Aged Care Services will be published on our website each year. We will also publish a consultation report to summarise all the feedback received, and the decisions made, based on these submissions.