

Frequently asked questions



IHACPA

About the Independent Health and Aged Care Pricing Authority (IHACPA)

1. Who is IHACPA?

IHACPA is an independent government agency that provides evidence-based pricing advice to the Australian Government on health and aged care services.

We deliver our annual program of work through public consultation and collaboration with the Australian Government, state and territory governments, advisory committees, key stakeholders, and the public.

2. What is our role in the aged care sector?

We provide government with expert aged care pricing and costing advice, to reflect the costs of delivering care. It is the government who then determines and announces the national prices for aged care services.

IHACPA's pricing advice aims to support the government's efforts to make aged care funding more transparent and efficient over time.

IHACPA and residential aged care

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

The pricing framework is one of IHACPA's key policy documents for residential aged care and residential respite care.

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



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

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

Our advice includes the recommended Australian National Aged Care Classification (AN-ACC) price, as well as national weighted activity unit price weights for the AN-ACC classes and base care tariff categories. This advice will inform government decisions on residential aged care and residential respite care funding for each year.

We have provided annual residential aged care pricing and costing advice to government since 1 July 2023.

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

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

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

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

6. How is our role in residential aged care different to the role of the Department of Health, Disability and Ageing?

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

The department is the aged care system operator and has policy and system management responsibility for matters outlined in **Figure 1**. These responsibilities are outside the scope of IHACPA's pricing and costing advice to government.

Figure 1: Department of Health, Disability and Ageing responsibilities



AN-ACC class and branching structure refinement

Operational aspects of the AN-ACC funding model:

- determining how AN-ACC assessments are undertaken
- the requirements for reassessment
- Single Assessment System for aged care

Aged care subsidies, supplements, and grants

Approval and classification of older people for Australian Government funded aged care services

Approved provider obligations and responsibilities

Quality of care

Care minutes and 24/7 registered nurse requirements in residential aged care

Appropriate level of financial contributions by residents

Financial viability of the sector

The Australian National Aged Care Classification (AN-ACC) funding model

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 for AN-ACC classes and base care tariff categories.

The refinement of AN-ACC classes and the AN-ACC branching structure remains the responsibility of the department.

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 or 3 respite classes. This does not include class 1 'admit for palliative care', where services are required to submit a Palliative Care Status Form, which includes an independent medical assessment for their palliative care status.

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

9. What services does AN-ACC apply to?

AN-ACC is the funding model for residential aged care and residential respite care services, which commenced on 1 October 2022. AN-ACC funding is provided for aged care services and, consistent with government policy, is not intended to support hoteling and accommodation expenditure.

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

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

The provision of our residential aged care pricing advice ensures 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.

IHACPA pricing and costing

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

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).

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.

IHACPA's [Pricing Authority](#) 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. We also seek input from stakeholders through annual public consultations and advisory committees.

More information about how we calculate our residential aged care advice can be found in the Residential Aged Care Pricing Advice 2024–25 and the Residential Aged Care Pricing Advice 2024–25 Technical Specifications, available on [IHACPA's 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 Ageing may seek additional advice from us.

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

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

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 collections from residential aged care services. The residential aged care cost collections will evolve over time to capture changes in the care environment and increase the maturity of the collections.

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.

15. 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.

Consultation on our pricing approach for residential aged care

16. What is the purpose of public consultation?

Our pricing and costing advice is informed by consultation with a broad range of stakeholders across the aged care sector. This includes providers across the for-profit, not-for-profit and government sectors, older people, families, carers and the general public.

The consultation paper explains how we plan to develop our pricing and costing advice. It also highlights key issues and future priorities for residential aged care and residential respite care.

17. How can I have my say on IHACPA's pricing advice for residential aged care?

Our public consultation is open from Thursday 10 July to 5pm AEST Friday 22 August 2025.

Ways to make a submission

- Submit your response [online](#)
- Email submissions.ihacpa@ihacpa.gov.au
- Post to IHACPA PO Box 483, Darlinghurst NSW 1300

Enquiries about the constitution can be sent to submissions.ihacpa@ihacpa.gov.au.

18. Can anyone provide feedback on the consultation paper?

Yes, we value all feedback to our public consultations. We are focused on ensuring that submissions and our pricing advice are representative and reflective of the diversity of the aged care sector and the community.

Through our public consultation, you have the opportunity to tell us what is important to you in developing our pricing advice.

19. 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 [IHACPA's Engagement Hub](#). 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. Your information will be stored securely and used in accordance with [IHACPA's Privacy Policy](#).

The Pricing Framework for Australian Residential Aged Care Services and a consultation report summarising consultation feedback will be published in 2026. All respondents will be notified of publication unless you advise IHACPA that you do not consent to notification.