

# Understanding high cost, highly specialised therapies

This fact sheet explains the Independent Health and Aged Care Pricing Authority's (IHACPA's) role in the funding arrangements for high cost, highly specialised therapies under the National Health Reform Agreement (NHRA).

## About high cost, highly specialised therapies

High cost, highly specialised therapies (HSTs), as defined in the Addendum to the NHRA 2020–26, are Therapeutic Goods Administration (TGA) approved medicines and biologicals delivered in public hospitals where:

- ☒ the therapy and its conditions of use are recommended by the Medical Services Advisory Committee (MSAC) or the Pharmaceutical Benefits Advisory Committee (PBAC)
- ☒ the average annual treatment cost at the commencement of funding exceeds \$200,000 per patient (including ancillary services) as determined by the MSAC or PBAC with input from IHACPA
- ☒ the therapy is not otherwise funded through a Commonwealth program, or the costs of the therapy would not be appropriately funded through a component of an existing activity based funding classification.



## Our role

The NHRA addendum outlines specific arrangements for the funding of high cost HSTs. This includes a different Commonwealth funding contribution rate and initial exemption from the Commonwealth funding cap. We do not have a role in the health technology assessment or decision making processes that inform the inclusion of a HST in NHRA funding arrangements. Our role is to establish eligibility, scope and reporting criteria for in-scope services.

# Process for funding high cost, highly specialised therapies under the NHRA



A high cost HST is recommended for funding by MSAC.



The Australian Government notifies IHACPA that a new HST is eligible to be delivered and funded under the NHRA.



IHACPA includes the HST in the national efficient cost (NEC) determination and the Pricing Framework for Australian Public Hospital Services.



IHACPA receives cost estimates from jurisdictions and publishes these in the annual NEC determination. Updated cost estimates are also published in the Supplementary Block Funding Advice to the Administrator of the National Health Funding Pool.



The HST is delivered by the states and territories at accredited and state or territory-endorsed sites.



Jurisdictions are required to submit activity and cost data to IHACPA. This includes the treatment centres and local hospital networks providing the HST, the dates on which HST services were provided, the volume of patients receiving the HST and the cost incurred (fixed and variable).



Funding is reconciled to submitted cost and activity data by the Administrator of the National Health Funding Pool.

For more information about our role in high cost HSTs, see the [Guidelines for the reporting and funding of high cost, highly specialised therapies](#) under the National Health Reform Agreement.

## Contact us



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