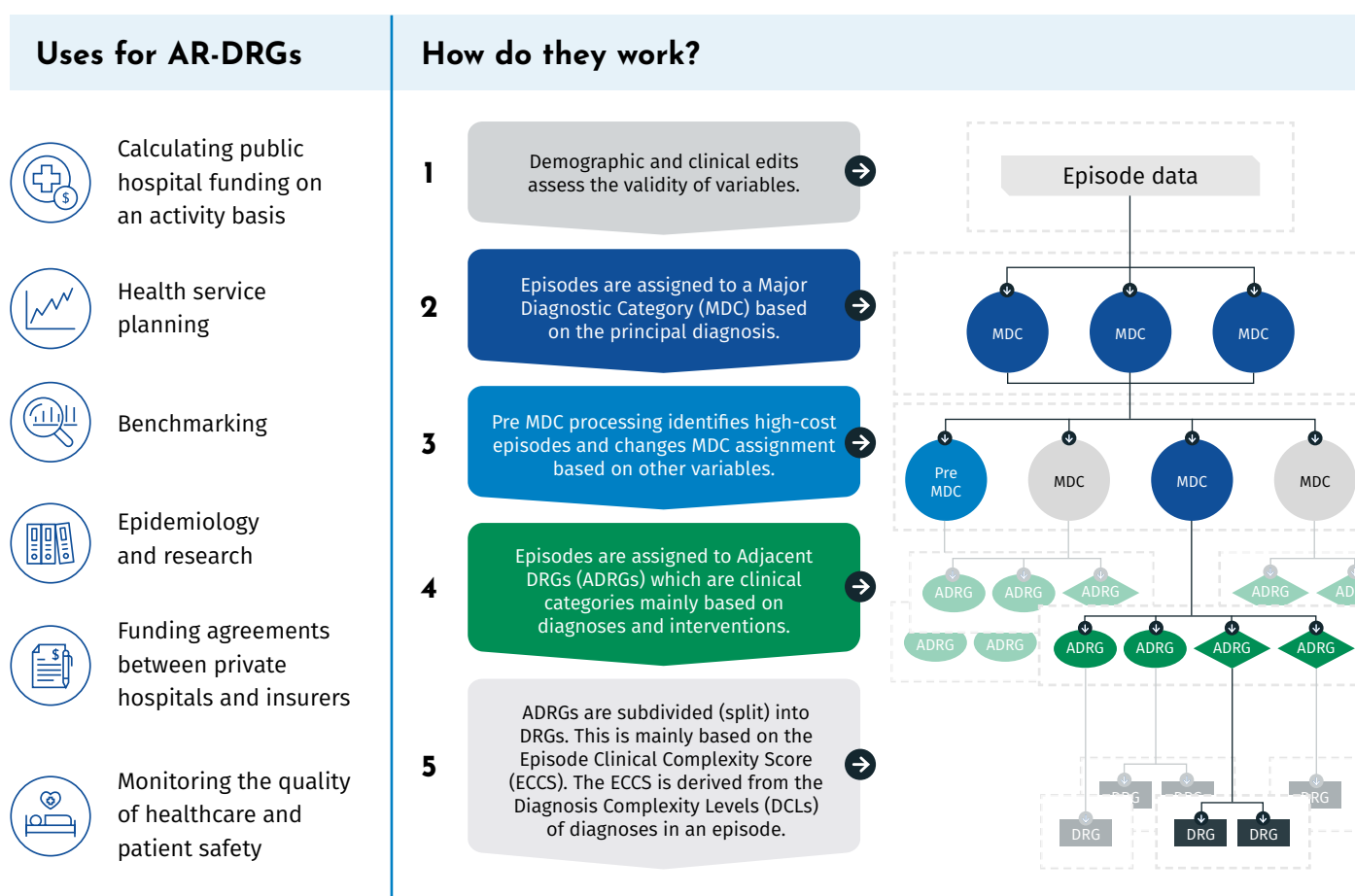


Australian Refined Diagnosis Related Groups overview and Version 12.0 development

The Independent Health and Aged Care Pricing Authority (IHACPA) is responsible for the development of the classification systems that provide the healthcare sector with a nationally consistent method of classifying all types of patients, their treatment and associated costs.

The [Australian Refined Diagnosis Related Groups](#) (AR-DRG) classification provides a clinically meaningful way to group together treatments and services provided for admitted acute episodes of care to enable hospitals to be funded for these services using activity based funding.

AR-DRGs use diagnosis and intervention codes with other routinely collected data to classify admitted acute patient episodes.



Types of Diagnosis Related Groups (DRGs)

| | DRGs in Version 12.0 | Description | Example |
|-----------------------------|----------------------|--|--|
| Pre MDC | 10 DRGs | High-cost episodes | A13A Ventilatory support 336 hours or more, major complexity |
| No splits | 85 DRGs | DRG is assigned without the use of complexity score | L61Z Haemodialysis |
| Split using only complexity | 700 DRGs | DRG is assigned using a complexity score | E42C Bronchoscopy, minor complexity |
| Split using other variables | 16 DRGs | DRGs using other variables such as transfer status, age and length of stay | L10A Kidney transplantation, age 16 years or less, or major complexity |

Total DRGs 811

AR-DRG Version 12.0 was released in July 2025 and has been developed in accordance with the [Governance Framework for the Development of the Admitted Care Classifications](#) following clinical and statistical analysis and consultation with clinicians, jurisdictions and other health sector stakeholders.

Interactive AR-DRG Version 12.0 education modules are available on [IHACPA Learn](#).

Refinements in Version 12.0

Major refinements

- Established guiding principles to inform which interventions become part of DRG definitions.
- Updated the usage of 42 intervention codes by adding or removing them from DRG definitions.

Review of interventions in the AR-DRG classification

Review of MDC 14 *Pregnancy, childbirth and the puerperium*

Introduced five new ADRGs:

- ADRG O67 *Diabetes mellitus and intermediate hyperglycaemia in pregnancy and the puerperium*
- ADRG O68 *Maternal medical conditions complicating pregnancy and the puerperium*
- ADRG O69 *Gestational disorders complicating pregnancy and the puerperium*
- ADRG O70 *Care and screening for other antenatal presentations*
- ADRG U69 *Mental health and behavioural disorders in the postnatal period.*

Introduction of ADRG A16 *Posthumous organ procurement*

Creation of ADRG A16 *Posthumous organ procurement* to facilitate more accurate capture of this activity.

Standard refinements

The ADRG intervention hierarchy for MDC 02 *Diseases and disorders of the eye* was updated. ADRG C01 *Interventions for penetrating eye injury* is now first in the hierarchy.

ADRG intervention hierarchy review

Review of diagnoses in scope for contributing to episode complexity

11,057 diagnosis codes are in-scope for receiving a Diagnosis Complexity Level (DCL) value.

Complexity scoring system recalibration

Updated the episode complexity scoring system using latest hospital activity and cost data.

ADRG splitting review

The splitting review resulted in ADRG C01 *Interventions for penetrating eye injury*, being updated from having no split to 1 split (A, B) and ADRG C61 *Neurological and vascular disorders of the eye being updated* from having 1 split to 2 splits (A, B, C).

Review of ADRG 801 *General Intervention unrelated to principal diagnosis*

Following clinical review, some combinations of intervention and diagnosis were moved out of ADRG 801 and into more specific ADRGs.

Version 12.0 statistics

Number of Adjacent Diagnosis Related Groups (ADRGs)

400

in Version 11.0

405

in Version 12.0

Number of Diagnosis Related Groups (ADRGs)

801

in Version 11.0

811

in Version 12.0

Overall statistical performance as measured by Reduction in Deviance (RID)*

65.95%

in Version 11.0


66.09%


in Version 12.0


* RID measures how much the variability in cost is explained by the AR-DRG classification. The higher the percentage value, the higher percentage of cost variation is explained by the classification.

For more information about AR-DRG Version 12.0 visit <https://www.ihacpa.gov.au/resources/ar-drg-version-120>

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