



IHACPA

Strategic Plan

2025–30

Independent Health and Aged Care Pricing Authority



Acknowledgement of Country

We respect and acknowledge the Traditional Owners and custodians throughout Australia and recognise their continuing connection to land, sky, waters and culture. We pay our respect to people, communities and Elders today and those who walk in spirit.

We commit to strengthening and embedding the priority reforms and supporting the achievement of outcomes under the National Agreement on Closing the Gap.

Promoting equitable access to high quality care is at the core of this Strategic Plan. We are committed to engaging in meaningful partnerships, incorporating diverse perspectives and evolving our methodologies to ensure greater equity.

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CEO foreword

The Independent Health and Aged Care Pricing Authority (IHACPA) began its life in 2011 as the Independent Hospital Pricing Authority. At that time, it was internationally unique, being created under the *National Health Reform Act 2011* to promote improved efficiency in, and access to, public hospital services through the provision of independent price determinations to the Australian Governments.

We inherited an unrivalled evidence base of data on hospital activity and costs and proceeded to build a reputation in service costing, analysis and pricing that has gone well past the borders of our nation. Using and building on that data, we promote better value care services by providing fair, independent pricing determinations and advice that is grounded in evidence and the most rigorous analysis. Our vision is for a sustainable Australian care system that is accessible, resilient and delivers quality outcomes for everyone.

After 14 years of high performance, IHACPA has established itself as an experienced, global leader in the development and refinement of classification and hospital activity and cost data collection systems.

In 2022, our achievements in health care were recognised by government, leading to an expansion of our role beyond hospitals into aged care.

In 2024, the Pricing Authority approved the development of a Strategic Plan in response to a groundswell from our staff keen to understand the long-term vision and direction for our agency. This Strategic Plan 2025–30, written for and by our own people, builds upon our achievements by setting out our intentions for the future and outlining how we will work towards our vision. By investing in our people, strengthening our relationships across the care economy, and ensuring our evidence base is robust and adaptive, the work we do will continue to drive efficient and quality care services across Australia.

Our commitment to innovation, collaboration, and excellence will guide us in addressing the evolving needs of our care systems into the future. We are dedicated to fostering an environment where our talented staff can thrive, ensuring that our work continues to deliver meaningful improvements in care quality and efficiency.

Professor Michael Pervan
Chief Executive Officer

Our role

Since IHACPA's establishment under the *National Health Reform Act 2011*, our role in the care economy has continued to evolve beyond pricing public hospital services. In 2022, IHACPA's legislative functions were expanded to provide advice on aged care pricing and costing matters to the Australian Government Minister for Health and Ageing and to approve higher than maximum accommodation payment amounts for residential aged care facilities.

Our unique data-driven approach

One of our key responsibilities is collecting detailed cost and activity data from state and territory governments and care providers about the types of care people receive. This information is submitted regularly and helps to build a national picture of hospital and aged care activity.

We use classification systems to group similar treatments, diagnoses, and services together. This makes it easier to compare costs and ensure consistent funding. Our classifications are internationally recognised for underpinning efficient and equitable pricing. They are developed in consultation with our stakeholders and reviewed and updated regularly to reflect changes in care practices.

Another important part of our work is understanding how much it costs to deliver care. This includes collecting, validating and analysing the mix of resources — like staff, equipment, and time — used to deliver services. For hospitals, the costing process is performed with the states and territories and private hospitals, who submit cost data to the National Hospital Cost Data Collection on an annual basis. Our aged care cost collections gather cost and activity data from a wide range of aged care providers with different geographic, demographic, and individual characteristics. This helps ensure we get a sample that represents the diversity of older people accessing aged care services, and their provider's costs.

We link the cost and activity data together to establish exactly how much it costs to deliver care. We then use this to determine the national efficient price and national efficient cost for public hospital services, which is used by the Administrator of the National Health Funding Pool to determine the Commonwealth's contribution to public hospital funding in each state and territory. We also use costed activity data to develop pricing advice for aged care services.

It is the government who then determines and announces the price for residential aged care, residential respite care and in-home aged care services.

Our pricing functions represent a benchmark or price signal for the efficient cost of providing public hospital or aged care services. The pricing models also consider factors that can increase the cost of care, such as delivering services in remote areas and care complexity. This ensures that funding is fair and equitable, and reflects the real needs of different communities.

We actively engage our stakeholders to leverage their expertise in shaping policy and technical decisions. Our stakeholders include government departments and agencies, clinicians, technical experts, research entities and care providers, residents and carers. In return, we are committed to providing clear, timely and accessible information including the data, analysis and policy considerations involved in all our decision making. Our communication channels comprise of working groups and advisory committees, consultations and published updates. This fosters trust and accountability and ensures our decisions are based on the best available information.

Our impact

Our commitment to making fair, equitable and evidence-based decisions and working with our stakeholders reflects our broader vision for a care economy that is accessible, resilient and delivers quality outcomes for everyone.

IHACPA's role in the care economy

We provide independent pricing determinations and advice to

Prime Minister and
Chief Ministers

Australian Government and state and
territory health and aged care ministers

Administrator of the National
Health Funding Pool

Pricing Authority

The Pricing Authority is IHACPA's board and provides independent and transparent advice to the Australian Government in relation to funding for public hospitals and aged care services.



Independent Health and Aged Care Pricing Authority

IHACPA's purpose is to use evidence to make fair and equitable decisions that drive efficiency and promote better value and high quality care services. We support the Pricing Authority in fulfilling its legislated functions.

By working with

Australian Government and
state and territory health
and aged care departments

Portfolio
agencies

Industry partners,
service providers and
representative organisations

Health consumers,
participants, residents, carers
and their representatives

National and
international researchers
and research institutions

To support the continuous improvement of our care systems through

Promoting
efficiency in where,
when and how
care is delivered

Fair and
equitable
pricing

Maximising the value
of the Australian
Government's
investment in the
care economy

Increasing the
access of care
services

Promoting
sustainability
to meet future
challenges

Stewardship of
data repositories
to ensure decisions
are evidence-based
and transparent

Guided by
our vision
and our goals

A sustainable Australian care system that is accessible, resilient and delivers quality care outcomes for everyone

Organisational
excellence

Efficient, equitable and
quality care systems

A robust and adaptive
evidence base

A partner of
choice

Our strategy

Our vision

A sustainable Australian care system that is accessible, resilient and delivers quality care outcomes for everyone.

Our purpose

We use evidence to make fair and equitable decisions that drive efficiency and promote better value, and higher quality care services.

Our values



Inclusive

We work better together



Trustworthy

Integrity defines us



Curious

Innovation drives us forward



Our values

Our values have been shaped by our staff to reflect the shared mindsets and behaviours that are unique to IHACPA.

We champion the Australian Public Service Values of being impartial, committed to service, accountable, respectful, ethical and stewardship. We build on these through our own 3 values to ensure a shared understanding of how we work as an independent Australian Government agency to achieve our goals and objectives.



Inclusive

We work better together

We are inclusive and considerate, supporting each other and advocating for what we need.

Our strength is in how we respect and embrace diversity.

Our people feel part of the decision-making process and are trusted with important and relevant information. We believe in meaningful, authentic collaboration and working together to achieve common goals.



Trustworthy

Integrity defines us

We take pride in the precision and rigour of our work. Our decisions are impartial, balanced and evidence-based. We build and maintain authentic, high trust relationships by acting with integrity and communicating in a consistent, frequent and transparent manner.



Curious

Innovation drives us forward

We are curious, progressive and innovative. Everyone can ask questions, share ideas and are committed to continuous improvement. Our leaders support staff to take opportunities to learn, grow and investigate new and innovative solutions. We take initiative and actively seek the knowledge and skills we need. When we meet challenges and things change, we remain curious, adaptable and resilient.

Our goals

1.

Organisational excellence

We strive for excellence in everything we do. We are a diverse, dynamic and resilient workforce with operational systems that enable us to deliver our best. We are committed to working together to foster a workplace that is agile, encourages innovation and where we always act with integrity.

1. Organisational excellence

Over the next 5 years, IHACPA will:

1.1

Invest in our people

Achieving excellence requires a dynamic and diverse workforce that evolves with health and aged care policy landscapes. We will continue to invest in pathways and opportunities to develop and showcase our multidisciplinary workforce. Our subject matter experts and generalists stay updated with changes in the care economy and advancements in technology or best practice, that will enhance our technical and data skills. Our people grow, learn, and share their expertise and experiences.

1.2

Lead with a culture of equity and respect

We have a positive workplace culture built on trust and teamwork. Everyone is dedicated to strengthening our culture of fairness, respect and open dialogue that is safe and free from discrimination. We will recognise our responsibility to embody our values of inclusive, trustworthy and curious. We will communicate with care and think about each other in conducting our work. Our work arrangements will enable flexibility and prioritise wellbeing so that we deliver our best, individually and as part of a team.

1.3

Build and maintain effective governance practices

We will continue to uphold a high standard of governance that guides all our decision making and holds us accountable. We will proactively identify and manage risks both internally, and with external partners that share our risks.

1.4

Foster an environment that supports innovation

Curiosity and creativity are supported to test and build innovative solutions. We will continue to be agile, responsive to changes across the care economy and create avenues to try new things. We will be forward thinking in the way we plan and consider our resources, so we can achieve our multi-year programs of work. We will continue to scan the horizon to seize opportunities that deliver better outcomes.

Our goals

2.



Efficient, equitable and quality care systems

Our work promotes efficiency in the delivery of health and aged care services. We also have a responsibility to ensure our work promotes equitable access to high-quality care, including meeting Australian Government commitments under the National Agreement on Closing the Gap. Ensuring equitable access to high quality of care requires an integrated approach that encourages the allocation of resources to where they are most needed.

2.

Efficient, equitable and quality care systems



Over the next 5 years, IHACPA will:

2.1

Champion transparent and evidence-based decision making

We are independent and impartial in our advice. Our decisions are trusted and respected because they are transparent, underpinned by the best available evidence and reflective of care services across Australia. We will continue to showcase the breadth and standard of our world class data repositories like the National Hospital Cost Data Collection (NHCDC) and the National Benchmarking Portal (NBP), as well as grow our aged care cost data collections.

2.2

Build on our world-leading classification systems

Classifications form the foundation of evidence-based pricing. IHACPA is a leading authority in care service classifications, which are robust, people-centred and reflect clinical care practices. We will continue to implement world-leading, innovative changes to classification systems in collaboration with our stakeholders, such as the World Health Organization. We will also drive better alignment across our classification systems to promote consistency in data reporting and pricing.

2.3

Share evidence-based insights that shape policy

IHACPA has an extensive repository of data and expertise spanning health and aged care sectors in Australia. We will leverage this capability to publish and share policy-relevant insights that build upon the care economy knowledge base, domestically and internationally. We will shape policy by sharing insights that highlight data trends and policy issues across the health and aged care sectors.

2.4

Evolve our methodologies to better promote quality and efficiency

Our costing and pricing methodologies are consistently reviewed to keep pace with changes in the care economy, and are informed by extensive consultation with our stakeholders. We will investigate how we can embed approaches that drive improvements in the quality and accessibility of care and evaluate their impact. Mapping clear pathways to trial new and innovative approaches to pricing and costing will drive value in care services and greater visibility of system performance.

Spotlight

Turning cost data into actionable insights

IHACPA's National Hospital Cost Data Collection is the most comprehensive and detailed source of hospital cost information in Australia – and one of the largest of its kind globally. In the 2022–23 financial year, IHACPA received NHCDC data that included 44.2 million in-scope public hospital encounters across Australia. For over a decade, it has played a critical role in underpinning the national pricing model by capturing the actual cost of delivering care across public hospitals. This rich dataset allows us to develop fair, transparent, and evidence-based pricing models that reflect the complexity and diversity of public hospital care delivery.

To ensure this data drives improvement at the service level, we developed the National Benchmarking Portal – a world-leading solution that is helping build greater awareness and literacy around health costs and outcomes. The NBP offers a secure, interactive website-based platform that transforms NHCDC and activity data into publicly accessible, comparative insights. Through the NBP, health services can explore tailored dashboards, benchmark their performance against national and peer group averages, and identify opportunities for efficiency and quality improvement. The open access data, alongside appropriate privacy protections, enables providers and policymakers to make informed decisions that enhance system performance across Australia's care economy.



Our goals

3.



A robust and adaptive evidence base

IHACPA's work is grounded on the principle that our decisions are based on the best available information and data. We ensure data used in our work meets our quality standards through our robust costing and classification systems, which underpin collections. This provides maximum transparency about how we make decisions.

3. A robust and adaptive evidence base



Over the next 5 years, IHACPA will:

3.1

Enhance data quality and analysis

High quality data enables us to continue to deliver work known for its precision and rigour. The agency's data quality framework is the first step in a continuous cycle of quality improvement. We will strive to ensure our data requirements, standards, policies, guidelines and processes support the accurate and comprehensive collection of data, that upholds our trusted reputation. Equally, the analysis underpinned by this data will be statistically informed, and based on consistent and meaningful criteria, that we refine over time to improve accountability and transparency.

3.2

Understand a person's care journey

Developing alternative payment models such as bundled payments, relies on data that provides a holistic view of a person's care journey while ensuring compliance with legislated privacy provisions. Improving collection, reporting and access to data is critical to identifying key patterns and trends and person centred co-design can support our data and fill data gaps. We will collaborate with governments and other key care providers to implement consistent ways to identify a person across their care journey at a national level, to enable us to trial new and innovative payment models and to drive value-based care.

3.3

Invest in technology that improves our efficiency and data security

Investing in technology and infrastructure will ensure IHACPA has a contemporary data system that is able to adapt to disruption or expansions to the collection, storage and use of our data in the future. This includes exploring the use of artificial intelligence and other process improvement tools to organise, analyse and present data and our insights. We will strengthen and maintain robust infrastructure and cybersecurity measures to support expanded data availability and analysis. Enhancements to quality controls, and tools to streamline our work to provide more opportunity for meaningful analysis and innovation.



Spotlight

Pioneering pathways in the care economy

In July 2024, we partnered with the University of Sydney's Leeder Centre for Health and Policy, Economics and Data to host the Evolution of the Care Economy Summit. This inaugural event exemplified our strategic commitment to collaboration, innovation, and system-wide improvement by bringing together key stakeholders to explore the future of care delivery.

More than 450 delegates from academia, government, and industry convened to examine innovative approaches to building a more effective, efficient, and equitable care economy. The summit featured keynote presentations from global thought leaders, sharing insights on data-driven, value-based payment reforms and integrated care models that enhance patient outcomes and health system performance. Other sessions encouraged reflection on Australia's response to the coronavirus disease 2019 pandemic, offering valuable lessons on embedding resilience into care systems to prepare for future shocks to our local and international systems.

The summit served as a catalyst for ongoing dialogue and action, reinforcing IHACPA's role in shaping a sustainable and high-performing care economy.

Our goals

4.



A partner of choice

IHACPA is an independent agency that can only achieve its goals through strong partnerships. Working with community, industry, research and government leaders provides unparalleled insights to understand how clinical or care practice, operational systems or policy impact our evidence base and analysis. We strive to be at the forefront of classification development, data collection and pricing methodologies that promote efficiency and sustainability of Australia's care systems. As a trusted partner, IHACPA has the capability to share impartial insights and trends to shape policy.

4. A partner of choice



Over the next 5 years, IHACPA will:

4.1

Foster sustainable and inclusive approaches for community and industry consultation

We will seek to develop engagement strategies that are authentic and tailored to the needs of our stakeholders in the care economy. We will build and embed sustainable and inclusive approaches that allows broad and diverse perspectives to inform our work, including engaging with Aboriginal and Torres Strait Islander peoples and communities. Through this engagement, we seek to uphold trust in the quality and outcomes of our work.

4.2

Strengthen our relationships with Australian governments and agencies

Our evidence-based methodologies rely on having strong working relationships with governments, to ensure we have the most accurate and timely data and information to inform our work. We will deepen our relationships with governments and agencies to make sure we are not only responsive, but are a leading voice, providing independent insights to address challenges across care sectors.

4.3

Expand domestic and international research collaborations

Research institutions provide invaluable insights about forecasted impacts on our growing and ageing population and exploring opportunities to meet these challenges. We will establish formal partnerships with community-based, domestic and international research institutions and universities. This will enhance our educational resources, research, workforce capabilities, and impact of our work in the care economy. These collaborations will enable IHACPA to work with industry leaders to advance our technical methodologies, conduct research into broader policy and pricing impacts and overcome persistent reform barriers.



Spotlight

Building the evidence base for residential aged care reform

As part of our expanded remit, we are leading the development of a national cost collection for residential aged care — an essential step toward more transparent, equitable, and sustainable funding for the sector. This initiative supports the Australian Government's aged care reform agenda and responds to key recommendations from the 2021 Royal Commission into Aged Care Quality and Safety.

In 2023, we launched a costing study involving a diverse group of residential aged care providers across metropolitan, regional, and remote settings. The costing study tested the feasibility of collecting detailed, standardised cost data, and provided valuable insights into provider readiness, data quality, and reporting systems. Notably, participants used innovative wearable technology to capture interaction times and associated costs, providing a level of precision not seen before in costing of residential aged care services. Feedback from participants has informed the design of the expanded collection in 2024–25 to include increased representation from underserved populations. This work will underpin future pricing models for residential aged care services that better reflect resident needs and service complexity.

By co-designing the collection with providers and focusing on usability, we are ensuring the data will support continuous improvement and a more person-centred aged care system.



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