IHACPA

The Future of IHACPA Classifications

Consultation Paper

October 2025

The Future of IHACPA Classifications — October 2025

Contents

Abbreviations

Abbreviations	Full term
ABF	Activity based funding
ACHI	Australian Classification of Health Interventions
ACS	Australian Coding Standards
ADA	Australian Dental Association
ADRG	Adjacent Diagnosis Related Group
AECC	Australian Emergency Care Classification
ANACC	Australian National Aged Care Classification
ANAPP	Australian Non-Admitted Patient Classification Project
AR-DRGs	Australian Refined Diagnosis Related Groups
AMHCC	Australian Mental Health Care Classification
AN-SNAP	Australian National Subacute and Non-Acute Patient Classification
ACE	Australian Classification Exchange
ATTC	Australian Teaching and Training Classification
CCAG	Classifications Clinical Advisory Group
ClaM	Classification Modernisation (Project)
CSAC	(WHO's) Classification and Statistics Advisory Committee
DCID	Diagnosis cluster identifier
DRG	Diagnosis Related Group
DTG	Diagnosis Related Groups Technical Group
EHR	Electronic health record
EPD Short List	Emergency Care ICD-10-AM Principal Diagnosis Short List
ICD-10	International Statistical Classification of Diseases and Related Health Problems, Tenth Revision
ICD-10-AM	International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification

ICD-11	International Statistical Classification of Diseases and Related Health Problems, Eleventh Revision
ICD-11 MMS	ICD-11 for Mortality and Morbidity Statistics
IHACPA	Independent Health and Aged Care Pricing Authority
IT	Information Technology
ITG	International Classification of Diseases (ICD) Technical Group
MBS	Medicare Benefits Schedule
MDC	Major Diagnostic Category
MbRG	(WHO's) Morbidity Reference Group
NEP	National Efficient Price
NHCDC	National Hospital Cost Data Collection
NHDISC	National Health Data and Information Standards Committee
NHRA	National Health Reform Agreement
NWAU	National Weighted Activity Unit
Tier 2	Tier 2 Non-Admitted Services Classification
WHO	World Health Organization
WHO-FIC	World Health Organization - Family of International Classifications
WHA	World Health Assembly

Consultation questions

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1. Introduction

1.1 About IHACPA classifications

Classifications for the healthcare sector provide a nationally consistent and clinically meaningful framework for describing patients, their treatments, and associated resource use across the Australian healthcare system, contributing to better outcomes for patients and consumers.

The **Independent Health and Aged Care Pricing Authority** (IHACPA) develops and maintains healthcare classifications under section 131 of the National Health Reform Act to support the National Health Reform Agreement (NHRA).

IHACPA's classifications underpin activity based funding (ABF) and are instrumental in enabling consistent reporting, performance measurement, health service research, and clinical information management.

IHACPA develops and refines a suite of classifications used across various care settings, including:

- International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM)
- Australian Classification of Health Interventions (ACHI)
- Australian Coding Standards (ACS); collectively known as (ICD-10-AM/ACHI/ACS)
- Australian Refined Diagnosis Related Groups (AR-DRGs)
- Australian National Subacute and Non-Acute Patient classification (AN-SNAP)
- Australian Emergency Care Classification (AECC) (encompassing the Emergency Care ICD 10-AM Principal Diagnosis Short List (EPD Short List)
- Tier 2 Non-Admitted Services Classification (Tier 2)
- Australian Mental Health Care Classification (AMHCC)
- Australian Teaching and Training Classification (ATTC).

Where requested by government, IHACPA will also provide evidence based advice to inform the future consideration of potential refinements to the Australian National Aged Care Classification (AN-ACC) funding model, including the classification system.

Figure 1 shows the classifications developed or used by IHACPA and their use across the different care settings.

Figure 1: IHACPA classifications

ABF Classifications	Acute Care	Admitted Care (all)	Aged Care	Emergency Care	Mental Health Care	Non-admitted care	Subacute and nonactute care	Teaching Training and Research
International Statistical Classification of Diseases and Related Health Problems, Tenth Revision , Australian Modification (**ICD-10-AM**)	✓	✓		✓			✓	
Australian Classification of Health Interventions (**ACHI**)	✓	✓						
Australian Refined Diagnosis Related Groups (**AR-DRGs**)	✓							
Emergency Care ICD-10-AM Principal Diagnosis Short List (**EPD Short List**)				✓				
Australian Emergency Care Classification (**AECC**)				✓				
Australian Mental Health Care Classification (**AMHCC**)					✓			
Australian National Aged Care Classification (**ANACC**)			✓					
Australian National Subacute and Non-acute Patient (**AN-SNAP**) Classification							✓	
Australian Teaching and Training Classification (**ATTC**)								✓
Tier 2 Non-Admitted Services Classification (**Tier 2**)						✓		

2. Overview and history of ICD-10-AM

2.1 Use of ICD-10-AM in ABF

IHACPA receives activity and cost data that are used in determining the National Efficient Price (NEP) that forms the basis for ABF in Australian public hospitals. This data is used to establish the NEP and price weights, which directly determine the Commonwealth Government's funding for public hospitals by reflecting the cost and complexity for the different care streams. Activity data quantifies the volume and complexity across the care types using National Weighted Activity Units (NWAUs). Comprehensive and high quality activity data that distinguishes patient complexity and care is facilitated by the classifications and is important for accurate pricing and funding.

ICD-10-AM/ACHI/ACS is the foundation of AR-DRGs that underpins ABF for admitted acute care, accounting for approximately 60% of hospital costs nationally[1]. These classifications are used in both public and private hospitals but in the private sector AR-DRGs are predominantly used in funding agreements between private hospitals and health care insurers.

Subsets of ICD-10-AM are used in AECC and AN-SNAP and it is also being considered for use in the Australian Non-Admitted Patient Classification Project (ANAPP) and in the AMHCC. It is the only classification used in multiple ABF classifications, facilitating some interoperability across the patient care journey. The use of ICD-10-AM across 4 healthcare settings, within the classifications developed by IHACPA, is also shown in **Figure 1**.

2.2 History of ICD-10-AM

ICD-10-AM is based on the World Health Organization's (WHO's) ICD-10, that was adopted by the World Health Assembly (WHA) in 1990 and became the global standard for reporting diseases and health conditions on 1 January 1993. IHACPA modifies ICD-10 to create ICD-10-AM under a licence agreement with WHO. ICD-10-AM is the most widely utilised and embedded classification, serving multiple purposes, with a large stakeholder base and clinical coding workforce. However, it is now considered out of date clinically and even more out of date in its structure and design. It is 25 years old and has been superseded by WHO's International Statistical Classification of Diseases and Related Health Problems, Eleventh Revision (ICD-11).

[1] IHACPA, National Hospital Cost Data Collection, Public Sector Report, 2022-23, May 2025, accessed 13 September 2025.

3. Strategic imperative for ICD-11

3.1 Mid-Term Review of the National Health Reform Agreement

The 2023 Mid-Term Review of the National Health Reform Agreement outlined opportunities to broaden the scope of the agreement to take a whole of health system view and made several recommendations for digital health solutions that support patient centred care and key enablers of comprehensive patient journey data to support a cohesive and integrated health system.

Key enablers recommended in the report included that the future agreement should incentivise digital health solutions to support patient centred care, and encourage appropriate data collection, curation and analysis of health data assets.

Data sharing and linking processes should be better enabled as it is key for comprehensive patient journey data and funding models should consider the entire patient journey, that is, funding across the whole spectrum of health care.

3.2 IHACPA Strategic Plan 2025-30

The opportunities outlined in the mid-term review also align with the strategic vision outlined in the IHACPA Strategic Plan 2025-30. The strategic plan includes a goal to drive better alignment across IHACPA classification systems to promote consistency in data reporting and pricing.

4. ICD-11 potential and challenges

4.1 Potential of ICD-11

ICD-11 has the potential to be a key enabler of comprehensive patient journey data. It supports the entire patient healthcare journey by facilitating data exchange across systems, allowing for consistent and accurate reporting across various healthcare settings.

ICD-11 is clinically more current and facilitates greater accuracy and more granular detail than ICD-10 (and ICD-10-AM). However, it is its digital first approach that provides the most compelling reason for change. Designed to integrate with electronic health records, it supports interoperability across the healthcare journey by facilitating consistent and accurate reporting across various healthcare settings. The opportunities ICD-11 provides are summarised in **Figure 2**.

Figure 2: Opportunities presented by ICD-11

Improved accuracy, currency and detail	Digital first approach
• aligns with current clinical knowledge • more granular detail • clustering better represents clinical picture • new chapters e.g. immune conditions • integrates functioning properties	• seamless integration • improved data management • enhanced interoperability • supports natural language processing • user friendly interface

ICD-11 could be used across all the health care settings for which IHACPA currently develops classifications, not just where ICD-10-AM is currently used, facilitating a more seamless patient data journey across the care sectors. It also has the potential to be used in care sectors not within IHACPA's remit such as primary and disability care.

ICD-11 would appear to be a major step towards improved data collection and collaboration among healthcare providers and policy makers, that could lead to better patient outcomes and a more efficient and effective healthcare system.

4.2 The adoption of ICD-11

Australia voted to adopt ICD-11 at the WHA in 2019, and it became the international standard for reporting diseases and health conditions on 1 January 2022. Consequently, WHO has ceased to update ICD-10, upon which ICD-10-AM is based.

It is a significant undertaking to replace a highly utilised classification embedded across multiple information systems. There are many issues to be considered and multiple steps that need to be undertaken to ensure its maturity, and to confirm an appropriate timeline, with suitable support systems in place to facilitate seamless transition. The wider use of ICD-11 in IHACPA's other classifications also needs to be carefully considered and planned to determine whether wider application is appropriate and supported.

4.3 Challenges of implementing ICD-11

The opportunities presented by ICD-11 are clear but there are significant challenges in being able to demonstrate the benefits and mitigate associated risks of an ICD-11 implementation in Australia. Especially considering that IHACPA licenses ICD-10-AM/ACHI/ACS and AR-DRGs to 20 other countries.

4.4 Business case for ICD-11 to replace ICD-10-AM

IHACPA has engaged Deloitte to assist in the development of a business case to implement ICD-11 as a replacement for ICD-10-AM, particularly as it relates to development of a cost benefit analysis, confirming the governance framework and feasibility of a speculative 2031 implementation.

It forms part of IHACPA's Framework for a decision to implement ICD-11 (see **Figure 3**). Its major objective is to understand the impact and cost benefit of implementing ICD-11 as a replacement to ICD-10-AM to determine a clear timeline that provides the necessary lead time to ensure infrastructure and work force readiness.

The work being undertaken with Deloitte will be conducted over the coming year in several stages and will include:

- development of an engagement strategy to facilitate a targeted consultation with key stakeholders
- development of a cost-benefit analysis to demonstrate the economic potential and determine if a 1 July 2031 implementation date is feasible
- confirmation of an appropriate governance framework to implement ICD-11 as a replacement for ICD-10-AM
- inform the business case for ICD-11 implementation.

This project includes a structured targeted consultation to engage key stakeholders to inform the cost benefit analysis and is separate to this consultation.

5. About this consultation paper

Feedback will be sought on the steps required to support IHACPA's strategy to implement ICD-11, the implications for current classification development and its broader applicability to IHACPA's other classification systems.

IHACPA is calling for submissions to this consultation paper until **7 November 2025**. Details on the submission process can be found on **page 24**.

Key dates

Release of the consultation paper	8 October 2025
Submissions close	7 November 2025

6. IHACPA framework to implement ICD-11

In recognising the benefits and opportunities provided by ICD-11 IHACPA has developed a high-level framework setting out steps in a pathway that leads to an ICD-11 implementation. The framework includes work in progress alongside other steps considered necessary for implementation and is grouped into 3 pillars with steps detailed under each pillar as shown in **Figure 3**.

Figure 3: Framework for a decision to implement ICD-11

<table>
<tr><th colspan="3">Framework for a decision to implement ICD-11</th></tr>
<tr><th>ICD-11 maturity assessment</th><th>ICD-11 classification architecture</th><th>ICD-11 stakeholder engagement and governance</th></tr>
<tr><td>ICD-10-AM to ICD-11 mapping project
assess mapping outcomes
determine gold standard maps
submit proposals on the ICD-11 maintenance platform</td><td>Cluster coding in ICD-11
implementation
national uptake
expansion
Data management and reporting
Develop
ICD-11 data reporting and analytic model</td><td>Transition to ICD-11
Limit updates to ICD-10-AM
consultation on ICD-10-AM/ACHI/ACS Fourteenth Edition work program</td></tr>
<tr><td>ICD-11 impact and use case assessment on existing classifications
Assess impact and use case
AR-DRGs
other ABF classifications</td><td>Australian ICD-11 linearization
Determine in collaboration with WHO and outcomes of ICD-11 maturity assessment</td><td>WHO-FIC engagement and leadership
Broaden engagement and leadership within the WHO - Family of International Classifications network</td></tr>
<tr><td>ICD-11 fundamental review
Assess
chapters/extension codes against framework for evaluating statistical classifications
Reference Guide against Australian Coding Standards
submit proposals on the ICD-11 maintenance platform</td><td>Classification modernisation (ClaM) project
Redevelop
ICD Toolkit/Australian Classification Exchange (ACE) platforms
Develop
coding tool for national linearization (potential AI use)
certification for other coding software (potential AI use)</td><td>Business case for ICD-11 to replace ICD-10-AM
Develop business case for ICD-11 to replace ICD-10-AM
engage with stakeholders to conduct a cost benefit analysis
confirm a date for implementation and the steps required in an implementation pathway
document the risks and risk mitigation strategy for an ICD-11 implementation
confirm the governance framework for a decision to implement ICD-11</td></tr>
<tr><th colspan="3">ICD-11 implementation decision to replace ICD-10-AM</th></tr>
</table>

The steps in the framework are at various stages of completion, some are well advanced, and others are in the planning stage.

While the framework primarily focusses on ICD-11 as a replacement to ICD-10-AM as an immediate priority, it also recognises the importance of considering ICD-11 in the context of IHACPA's other classifications. ICD-11 is a catalyst to consider integration of the classifications, to support the entire patient care journey, and as such the ICD-11 implementation framework includes a step under ICD-11 maturity to consider the impact and use case of ICD-11 not only in AR-DRGs, but also in IHACPA's other ABF classifications.

This consultation paper considers ICD-11 in terms of what it means for IHACPA's immediate and longer term classification work programs.

7. Implications of the ICD-11 framework on classification development

7.1 Implications for current and future classification work programs

The ICD-11 framework has implications for the immediate and future work programs of IHACPA classifications, particularly the ICD-10-AM work program.

For classifications like AR-DRGs, AECC and AN-SNAP work needs to be undertaken to assess the immediate impact on these classifications in an ICD-11 implementation, chiefly AR-DRGs, as ICD-10-AM is foundational to AR-DRGs, which currently accounts for approximately 60% of hospital costs.

Longer term plans for these classifications propose to consider ICD-11 as an enabler for more transformative change and potential integration of IHACPA classifications.

7.2 Implications for ICD-10-AM/ACHI/ACS

Limiting updates to ICD-10-AM

With the finalisation and implementation of ICD-10-AM/ACHI/ACS Thirteenth Edition on 1 July 2025 IHACPA is considering the work program for ICD-10-AM/ACHI/ACS Fourteenth Edition.

IHACPA is proposing that for ICD-10-AM/ACHI/ACS Fourteenth Edition and the remainder of the life of ICD-10-AM, that updates to both ICD-10-AM and the ACS be limited. This will provide capacity for IHACPA and its stakeholders to support ICD-11 development and to prepare for implementation.

ACHI would continue to be updated as normal, including updates to align with the Medicare Benefits Schedule and the Australian Dental Association, Schedule of Dental Services and Glossary, and other updates in accordance with IHACPA's Governance Framework for the Development of the Admitted Care Classifications. The current governance framework is published on the IHACPA website.

However, for ICD-10-AM and the ACS, this would mean no new ICD-10-AM codes and limiting development to minor updates to the ICD-10-AM Tabular List[2], ICD-10-AM Alphabetic Index[3] and minor ACS[4] changes only. There is some work to conclude following the application of the new ACS template, however, major changes to the ACS would not be progressed and no pilots would be necessary.

To mitigate the impact of not introducing new codes IHACPA proposes to put in place a process to activate a placeholder code from the ICD-10-AM block U75-U77 *Provisional assignment of diseases of national significance*. These codes have been reserved as placeholders to identify diseases or health conditions determined to be of national significance. They would be activated by issuing National Coding Advice similar to the process of activating placeholder codes for new health technology in ACHI, which are determined in consultation with IHACPA's Classifications Clinical Advisory Group.

Fourteenth Edition would potentially be the last edition ahead of an ICD-11 implementation in 2031 if this is established as a feasible implementation date.

National Coding Advice

Limiting updates to ICD-10-AM will provide the opportunity to revise the coding query process and reduce the coding query backlog ahead of the ACE redevelopment, see Classification Modernisation Project.

IHACPA also proposes to retire all National Coding Advice at the end of each development cycle to reduce the burden of its maintenance and application. If this leads to a gap in the body of knowledge to support application of the current classifications another coding query may be submitted as necessary.

Closing public submissions

In redeveloping the ACE platform existing content related to public submissions will need to be archived and only certain content will be migrated to the new platform. IHACPA receives many more submissions than can be considered in any one development cycle and as a result there is a backlog of submissions going back some years, some of which are no longer relevant. Therefore, IHACPA is initiating a process to close off old public submissions to move towards a new and more streamlined ACE platform.

[2] The ICD-10-AM Tabular List is a structured, alphanumeric classification system that categorises diseases, injuries, and related health problems. It is used for classifying patient data in Australian hospitals. The Tabular List is organised by body system and aetiology, with codes ranging from three to five characters. It is a key component of the larger ICD-10-AM/ACHI/ACS classification system.

[3] The ICD-10-AM Alphabetic Index is used to locate and assign ICD-10-AM codes to health conditions. It is a comprehensive list of diagnostic terms, syndromes, pathological conditions, and more, organised alphabetically. The index helps users navigate the ICD-10-AM system by providing a pathway to find the appropriate code based on the specific health condition.

[4] National guidelines to support consistent application of ICD-10-AM and ACHI to classify health information in Australian hospitals.

1. Do you foresee any significant barriers to limiting updates to ICD-10-AM to facilitate a transition to ICD-11?

2. Do you have suggestions for criteria that should inform activation of an ICD-10-AM placeholder code for diseases or health conditions of national significance?

3. Do you foresee any significant barriers to retiring National Coding Advice at the end of a development cycle?

4. Do you foresee any significant barriers to IHACPA closing old or no longer relevant public submissions?

Cluster coding

Cluster coding is a mechanism of linking related ICD-10-AM codes through use of a diagnosis cluster identifier (DCID) to enhance the value of coded data.

Codes are considered related when they connect conditions, the circumstances of an event or certain other code relationships.

Cluster coding has many advantages, both immediate and long term. Immediate benefits can be realised during the life of ICD-10-AM and in the longer term it prepares for an ICD-11 implementation where clustering is a feature. Early implementation should enable its use to expand and mature prior to an ICD-11 implementation.

Cluster coding was developed in consultation with IHACPA's International Classification of Diseases (ICD) Technical Group (ITG) and the National Health Data and Information Standards Committee and was implemented as part of ICD-10-AM/ACHI/ACS Thirteenth Edition on 1 July 2025. Information on cluster coding is provided on the IHACPA website.

Not all jurisdictions implemented cluster coding on 1 July 2025, consequently IHACPA intends to monitor cluster coding implementation and compliance during 2025-26. Once cluster coding has been fully implemented by jurisdictions and its use matures, IHACPA will determine whether there is sufficient time to expand its use in ICD-10-AM for Fourteenth Edition. If not IHACPA will focus on ensuring seamless transition to ICD-11. IHACPA is seeking feedback from stakeholders on code relationships that would be considered good candidates for future clustering.

5. What ICD-10-AM code relationships do you consider would be good candidates for future clustering?

Assessment of ICD-11 maturity

ICD-11 has been developed over many years. Each chapter was developed by specialty Topic Advisory Groups (TAGs)[5], predominantly clinician driven, sometimes with input from classification experts. The TAGs were governed by WHO and the chapters appear inconsistently granular. Some chapters are similar in composition to ICD-10 while others have been completely re-structured.

As such ICD-11 would benefit from an evaluation of each chapter to ensure that it consistently meets the fundamental principles that define a statistical classification.

IHACPA is proposing to conduct a systematic review of ICD-11 chapters using established criteria to ensure ICD-11 is fundamentally fit for purpose.

The ICD-11 for Mortality and Morbidity Statistics (MMS)[6] has 24 main chapters and the additional Section X *Extension codes* that would require review (not including Chapter 25 *Codes for special purposes*, Chapter 26 *Supplementary Chapter Traditional Medicine Conditions* and Section V *Supplementary section for functioning assessment).*

A review of the ICD-11 Reference Guide[7] is also necessary to determine its fitness for use in the Australian setting. Some of the standards/rules contained within the Reference Guide are aimed at ensuring a minimum standard of data capture for low resource settings and countries without existing classifications. For higher resource settings and countries with longstanding use of ICD-10 or those with their own modification and sophisticated metadata, such as Australia, it is unlikely to be suitable.

Therefore, a comprehensive review of each of the chapters of the Reference Guide and its conventions is necessary. This needs to be undertaken by systematically comparing the ACS to ensure ICD-11, and its Reference Guide, fully accounts for Australia's needs. It is likely that Australia will need to retain its own ACS, noting that the ACS must continue to consider ACHI and align with Australia's metadata requirements.

[5] In ICD-11 development, Topic Advisory Groups (TAGs) were formed to provide expert guidance and collaboration on the classification of diseases and related health problems. These TAGs were comprised of clinical specialists and domain leaders who worked together to revise the science and knowledge base of ICD-11.

[6] ICD-11 MMS, or the International Classification of Diseases, Eleventh Revision for Mortality and Morbidity Statistics, is the main linearization of the ICD-11, serving as the global standard for recording health information and causes of death.

[7] The ICD-11 Reference Guide is a comprehensive resource document that provides detailed information about the context, components, and intended use of ICD-11, a global standard for recording health information and causes of death.

The outcomes of these assessments would be combined with the outcomes of the mapping project to develop and submit proposals on the maintenance platform and/or be used to inform an ICD-11 linearization for Australia.

6. Are there any other issues that IHACPA should consider in assessing the overall maturity of ICD-11?

ICD-11 national needs (ICD-11 linearization)

Although the ICD-11 MMS is the main linearization, in its current form it may not be a suitable replacement for ICD-10-AM. The work proposed to assess ICD-11 maturity will assess gaps in ICD-11 compared to ICD-10-AM so that issues may be addressed prior to implementation to ensure it is suitable for Australia's needs. This may be achieved by submitting proposals on the maintenance platform, by creating a national ICD-11 linearization[8] from the WHO Foundation[9] or by developing an Australian version of WHO's ICD-11 Coding Tool[10]. The first option is a slow and unwieldy process, but one or both latter options may provide a more tailored, flexible and expedited ICD-11 for Australia's use.

If it is determined that concepts within ICD-10-AM are not in the ICD-11 MMS, this may be because the concept is below the shoreline[11] or it does not exist within the ICD-11 Foundation. If below the shoreline the concept may need to be brought above the shoreline[12] for Australia's purposes (in a national linearization) or it may require a submission on the maintenance platform to bring the concept above the shoreline for inclusion in the ICD-11 MMS. If the concept does not exist in the ICD-11 Foundation a proposal may need to be submitted to the maintenance platform for it to be added.

[8] A national ICD-11 linearization is a specific, country-adapted version of the ICD derived from the broader ICD-11 Foundation. It essentially takes the rich, detailed information in the Foundation and creates a more focused, tabular list of codes suitable for a particular country's needs, such as mortality, morbidity, or primary care reporting.

[9] The ICD-11 Foundation is a semantic knowledge base, specifically a biomedical ontology, that serves as the foundation for ICD-11. It holds all the necessary information to generate classification codes (linearization's) for various purposes. The Foundation is designed to function as a terminological knowledge base rather than a classification itself.

[10] The WHO ICD-11 coding tool is a software application designed to assist users in accurately assigning ICD-11 codes to health conditions. It is a tool that helps translate clinical descriptions into standardised ICD-11 codes, essential for recording and reporting health data using the ICD-11 MMS.

[11] In the context of ICD-11, 'below the shoreline' refers to detailed, specific diagnoses or disease subtypes that are not represented in the main ICD-11 MMS but are still part of the broader ICD-11 Foundation.

[12] In the context of ICD-11 'above the shoreline' refers to detailed, specific diagnoses or disease subtypes that are represented in the main ICD-11 MMS.

Another issue in support of a national linearization is that the Reference Guide rules, as noted in Assessment of ICD-11 maturity, are not always suitable for Australia's needs. The current ICD-11 Coding Tool also provides some unnecessary or overlapping optional extension codes that may not be required and could lead to ambiguity for clinical coders if they remained as selectable options. Determining what extension codes are required in an ICD-10-AM replacement is necessary.

An Australian ICD-11 linearization, therefore, is not only about missing concepts in the ICD-11 MMS or ICD-11 Foundation, but also about ensuring that the ICD-11 Coding Tool can be tailored to be suitable for Australia's purposes, including links to a national Reference Guide (ACS), inclusion of supporting coding notes and other potential enhancements.

It should also be noted that determining a national linearization of ICD-11 may also facilitate creation of linearization's suitable for IHACPA's other classifications or for classifications used outside of IHACPA, such as those used for cause of death reporting, primary or disability care.

7. Are there any other issues that IHACPA should consider in determining ICD-11 national needs?

Classification modernisation (ClaM) project

IHACPA has a suite of bespoke tools that support the current edition of ICD-10-AM/ACHI/ACS and development of new editions by producing the outputs necessary for their creation and implementation. The updating, maintenance and hosting of these tools are outsourced to external providers.

The Australian Classification Exchange (ACE) provides a public platform for users to submit requests to enhance ICD-10-AM/ACHI/ACS and AR-DRGs, known as Public Submissions, for potential incorporation into future releases of the classifications.

ACE also provides the ability for nominated representatives of jurisdictional coding committees to submit coding queries on how to apply the classifications and facilitates publication of coding query responses in a searchable database.

This platform also provides a workflow tool for IHACPA to respond to the submissions and to share out of session development tasks with ITG Members for feedback.

ACE and the existing authoring tool rely heavily on manual processes and lack the flexibility to make simple changes without the assistance of an IT provider. These platforms are at 'end of life' and require complete transformation and modernisation. IHACPA plans to redevelop the current platforms as part of the ClaM Project over the next 2 to 3 years.

Digital transformation of the ACE platform and the classifications will eliminate current manual processes, streamline classification outputs and eliminate the need to produce hard copy books for ICD-10-AM/ACHI/ACS and AR-DRGs. The solution will also consider functionality to transition ICD-11 implementation.

8. Do you foresee any significant barriers to IHACPA producing digital versions of its classifications and no longer producing hard copy classification books/manuals?

Maps between ICD-10-AM and ICD-11

To implement ICD-11 assurance is required that it is sufficiently mature for Australia's purposes given the current use of ICD-10-AM, particularly in the ABF landscape. A first step in providing this assurance is to develop forward and backward maps between ICD-10-AM and ICD-11.

This will assess ICD-11 maturity by identifying gaps and additional granularity in ICD-11 (in conjunction with other work proposed to assess its maturity). It is anticipated that the project will generate development proposals on the WHO-FIC Maintenance Platform[13] (maintenance platform) to ensure future ICD-11 releases are a suitable and beneficial replacement for ICD-10-AM.

Another major purpose is to highlight any untoward impact or downstream effects of implementing ICD-11 across other classifications where ICD-10-AM is used, particularly in AR-DRGs. Not only will they provide a consistent foundation to assess impact on other classifications, but they may also be used to facilitate ICD-11 proof of concept projects to establish the benefits of using ICD-11 in other classifications.

In 2023 IHACPA commenced a project to develop gold standard maps between ICD-10-AM and ICD-11, which is due for completion in early 2026.

7.3 Implications for AR-DRGs and other ABF classifications

Once the gold standards maps are finalised, they can be used to analyse the impact of implementing ICD-11 on AR-DRGs and other ABF classifications. The maps will facilitate grouping of data using ICD-11, where ICD-10-AM is currently used (such as AECC and AN-SNAP) to quantify the materiality of any changes.

Once ICD-10-AM coded data has been mapped to ICD-11 and grouped using AR-DRG V12.0, any material impact can be measured. It is already current practice to backward map data when an older AR-DRG version is used with its non-native ICD-10-AM/ACHI edition (that is, when not using the ICD-10-AM/ACHI edition upon which a particular AR-DRG version is based). Currently ICD-10-AM and ACHI Thirteenth Edition data is mapped to Twelfth Edition for use with AR-DRG V11.0.

If mapping demonstrates a material impact this may need to be remediated before implementing ICD-11. For example, if there are gaps in ICD-11 compared to ICD-10-AM this may be resolved by ensuring missing concepts are remediated in ICD-11 through measures previously discussed.

[13] The WHO-FIC Maintenance Platform is a digital platform developed by WHO to facilitate the ongoing development, maintenance, and updating of the WHO family of classifications. This platform allows users to submit proposals for changes, additions, or updates to the classifications.

For AR-DRG development the impact of using data structured in the ICD-11 format may require changes to AR-DRG development. These assessments should also consider whether it is necessary or beneficial to implement changes to the grouping logic of the AR-DRG classification itself.

Potential enhancements also need to be assessed, such as increased granularity and precision through use of extension codes and whether there are additional features that may enhance grouping in ABF classifications.

The outcomes of these processes will determine how ICD-11 will be integrated and implemented with AR-DRGs. Any untoward material impact may also be mitigated by shadow pricing, as per IHACPA's Shadow Pricing Guidelines, to assess financial impacts and ensure accurate data before full implementation into the national funding model

Mapping exercises will also need to be undertaken to assess the impact of ICD-11 on AECC and AN-SNAP and similar determinations made on the use of ICD-11 formats in these classifications and whether there is a need to alter any grouping logic to accommodate ICD-11.

Work to assess the impact of ICD-11 in AR-DRGs and IHACPA's other ABF classifications that use ICD-10-AM is planned to commence in 2026. These impact assessments may have implications for the feasibility of implementing ICD-11 in the timeline currently speculated.

Consideration will also need to be given to the different format of ICD-11 data more broadly and how it may be used or disaggregated for use in casemix development and data analytics.

As part of its ICD-11 implementation framework IHACPA plans to develop a data analytic and reporting model that considers the life cycle of data reporting and analytics utilising the ICD-11 format.

9. Are there other issues that IHACPA should consider in assessing the impact of ICD-11 on AR-DRGs or on IHACPA's other classifications that currently use ICD-10-AM (AECC and AN-SNAP)?

10. Are there any other issues that IHACPA should consider in developing an ICD-11 data analytic and reporting model?

7.4 Integration of ICD-11 in other ABF classifications

A major advantage of ICD-11 is that it is designed to be interoperable while serving different use cases, presenting an opportunity for IHACPA to align other ABF classifications, move away from setting based classifications and support some of the recommendations of the Mid-term Review of the National Health Reform Agreement.

IHACPA proposes to consider ICD-11 across all its classifications to enable consistent measurement of care in an integrated classification system that supports comprehensive patient journey data across all care types to support better health outcomes for patients and consumers.

ICD-11 incorporates concepts not able to be readily captured in existing classifications such as a patient's functional status including impairments, activity limitations and participation restrictions in addition to primary diagnosis codes and provides a framework for understanding and documenting the impact of those diagnoses on a person's ability to function in daily life.

It incorporates the WHODAS 2.0, a 36-item self-report instrument, designed to assess disability related to health conditions in the past 30 days. It is used to describe and quantify the level of disability associated with a health condition. The WHODAS 2.0 covers six domains: cognition, mobility, self-care, getting along with others, life activities, and participation.

While particularly relevant in subacute and non-acute care settings where the primary goal is often to improve or maintain a patient's functional capacity it may also provide opportunities to consider functioning and/or frailty across other care settings.

As ICD-11 is digitally enabled, it can also leverage automated and artificially intelligent coding tools that support abstraction of information from electronic health records. This may reduce pressure on the clinical coding workforce and reduce the burden for clinicians who currently need to assign codes, such as in the emergency setting.

It also provides an opportunity for IHACPA to develop a consolidated governance framework for all its classifications, that would:

- incorporate principles of interoperability to ensure classifications support integrated care and patient journey data
- include short-, medium- and long-term goals to prioritise interoperability, integrated timelines and work programs that consider ICD-11
- include proof of concept projects using ICD-11 in AN-SNAP, AECC (EPD Short list), Tier 2/ANAPP and AMHCC.

11. Are there any significant barriers that IHACPA should consider in integrating its classifications using ICD-11?

12. Which IHACPA classifications should prioritise the use of ICD-11?

8. Consultation process and next steps

IHACPA is calling for submissions on this consultation paper until **7 November 2025.**

Key dates

Release of the consultation paper	8 October 2025
Submissions close	7 November 2025

Your feedback is valuable to IHACPA, particularly as it relates to your views on the consultation questions asked in this paper. Stakeholders are encouraged to focus on questions and issues relevant to them, and **submissions do not need to answer every question**. Where relevant, your submission should include examples or supporting evidence to support your responses.

Have your say

Submit your response by 5pm AEDT 7 November 2025:

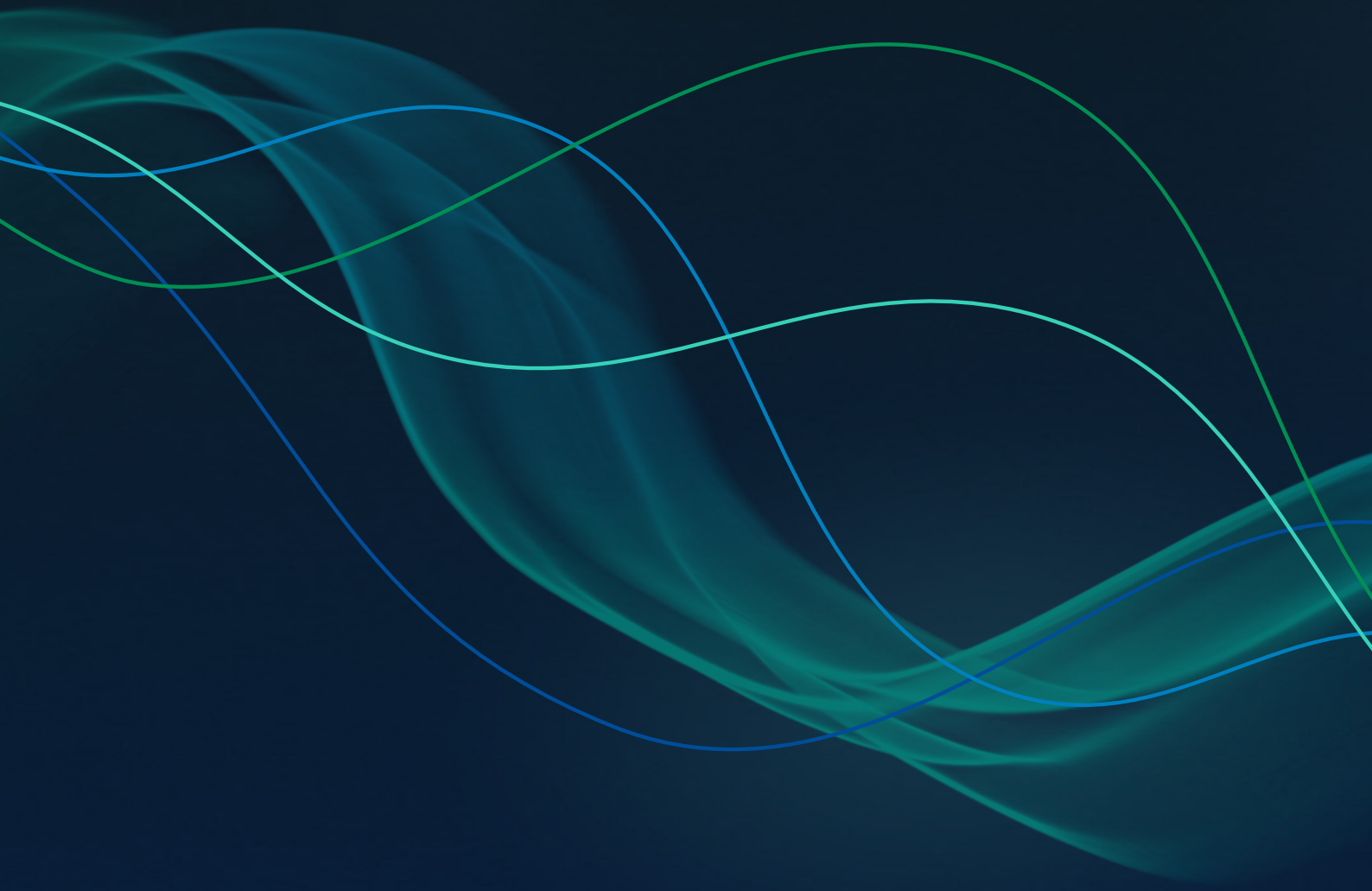
- Online: Submission form
- Email: submissions.ihacpa@ihacpa.gov.au
- Mail: PO Box 483, Darlinghurst NSW 1300

Enquiries

Enquiries related to this consultation process should be emailed to submissions.ihacpa@ihacpa.gov.au

8.1 How your information will be used

We will not respond to submissions, but we will ensure that all submissions are recorded, reviewed and used to inform our strategy to implement ICD-11.



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