



**The Hon Mark Butler MP**  
**Minister for Health and Aged Care**

Ref No: MS24-000693

Mr David Tune AO PSM  
Chair  
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**Pricing for the National Disability Insurance Scheme**

Dear Mr Tune 

I am writing regarding progression of the Australian Government's 2024-25 Budget announcement of \$5.3 million for the Independent Health and Aged Care Pricing Authority (IHACPA) to work with the Department of Social Services (DSS) and the National Disability Insurance Agency (NDIA) to undertake initial work to reform National Disability Insurance Scheme (NDIS) pricing arrangements, including reviewing existing pricing approaches and developing a pricing data strategy.

As you are aware, on 23 October 2023, the Independent Review of the NDIS (Review) was finalised, and following consideration by all Australian governments the Review's report was publicly released on 7 December 2023. The Review's final report made the following two recommendations:

- Action 11.3: The Australian Government should transition responsibility for advising on the NDIS pricing to the IHACPA to strengthen transparency, predictability and alignment
- Action 9.5: The Australian Government should transition responsibility for advising on Specialist Disability Accommodation pricing to the IHACPA and introduce more flexibility to the way prices are set.

In response to these recommendations, the Government has now agreed for IHACPA to come back to Government in late 2024/early 2025 (the specific timing will be determined by the timeframes for the 2025-26 Budget) to inform consideration of NDIS pricing reform including:

- a. developing a Pricing Data Strategy informed by a data discovery project examining NDIS data collections
- b. reviewing the existing NDIA functions relevant to NDIS pricing and costing
- c. pricing model considerations informed by public consultation
- d. early advice on price harmonisation opportunities
- e. input into a proposal to transfer responsibility for advising on NDIS pricing from the NDIA to IHACPA, with options for the NDIS pricing cycle to conclude by October each year consistent with aged care pricing
- f. the Government has also asked that IHACPA provide input into the work DSS are leading on designing and consulting on the NDIS Pricing and Payments Framework.

Recent amendments to the *National Health Reform Act 2011* included s131(1A)(a) and s131(1A)(b), which allow for the Minister for Health and Aged Care to seek IHACPA advice in relation to one or more health care pricing or costing matters, irrespective of whether the matters relate to health care services provided by public hospitals; and for IHACPA to conduct, or arrange the conduct of, costing or other studies for the purpose of providing the advice.

I understand IHACPA's existing functions, as described in the *National Health Reform Act 2011* (section 131(1)), do not support it engaging in the pricing and costing of NDIS services *in general* without legislative amendment, but that the recent amendments do empower IHACPA to undertake the NDIS pricing policy scoping work for the Government to the extent that the work relates to health and aged care services. I further understand that IHACPA's existing functions are considered to extend to preparatory activities to inform Government consideration of the reform of NDIS pricing arrangements.

I request, pursuant to s131(1A)(a), that IHACPA commence NDIS pricing policy scoping work and other preparatory work as outlined in a-f above, to inform future price setting arrangements for the NDIS to the extent possible under the existing legislative arrangements. This would also involve identifying potential legislative amendments to the NHR Act. In undertaking this preparatory work, I would expect IHACPA to engage with relevant commonwealth agencies and the sector.

It is expected that comprehensive data sharing arrangements between the NDIA and other relevant sources will be expedited by all parties. This will also include, where relevant, the sharing of pricing information that has also been previously collected through the NDIS Review so that IHACPA is not duplicating work previously undertaken with the disability sector. This would further assist the Government to understand how reforms to the NDIS pricing could be implemented. I have written to my colleague the Hon Minister Bill Shorten, to assist with the collaborative effort required in this regard.

While progressing reforms to NDIS pricing is considered a priority, the Government continues to require the IHACPA to perform its functions in health and aged care, including participation in upcoming reform. I request that the IHACPA Chief Executive Officer work with the Department of Health and Aged Care and DSS to inform reforms to NDIS pricing, and to ensure that tasks related to the NDIS do not impede the IHACPA's existing functions.

Yours sincerely



Mark Butler

20 / 06 / 2024

cc: The Hon Bill Shorten MP, Minister for the National Disability Insurance Scheme and Minister for Government Services