IHACPA

IHACPA Work Program 2026–27

July 2026

Acknowledgement of Country

We acknowledge the Traditional Owners and Custodians of Country throughout Australia, and recognise their continuing connection to land, sky, waters and culture. We pay our respects to them, and to Elders both past and present.

Artwork by Chern'ee Sutton

IHACPA Work Program 2026–27 – July 2026

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Abbreviations and acronyms

ABF	Activity based funding
ACHI	Australian Classification of Health Interventions
ACS	Australian Coding Standards
AECC	Australian Emergency Care Classification
AHPCS	Australian Hospital Patient Costing Standards
AMHCC	Australian Mental Health Care Classification
AN-ACC	Australian National Aged Care Classification
ANAPP	Australian Non-Admitted Patient Classification Project
AN-SNAP	Australian National Subacute and Non-Acute Patient Classification
AR-DRG	Australian Refined Diagnosis Related Groups Classification
ATTC	Australian Teaching and Training Classification
CEO	Chief Executive Officer
EPD Short List	Emergency Care ICD-10-AM Thirteenth Edition Principal Diagnosis Short List
HAC	Hospital acquired complication
HCEF	Health Chief Executives Forum
HMM	Health Ministers Meeting
HoNOS	Health of the Nation Outcome Scales
ICD-10-AM	International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification
IHACPA	Independent Health and Aged Care Pricing Authority
MSAC	Medical Services Advisory Committee
National bodies	The Independent Health and Aged Care Pricing Authority, the Administrator of the National Health Funding Pool, the National Health Funding Body and the Australian Commission on Safety and Quality in Health Care (collectively)
NBP	National Benchmarking Portal
NEC	National efficient cost
NEP	National efficient price
NHCDC	National Hospital Cost Data Collection
NHRA	National Health Reform Agreement
NWAU	National weighted activity unit
SDMS	Secure Data Management System
The addendum	Addendum to the National Health Reform Agreement 2026–31
The Administrator	Administrator of the National Health Funding Pool
The Aged Care Act	*Aged Care Act 2024*
The Commission	Australian Commission on Safety and Quality in Health Care
The NHR Act	*National Health Reform Act 2011*
The PGPA Act	*Public Governance, Performance and Accountability Act 2013*
The PGPA Rule	*Public Governance, Performance and Accountability Rule 2014*
The Pricing Authority	Governing body of the Independent Health and Aged Care Pricing Authority

1. Introduction

The Independent Health and Aged Care Pricing Authority (IHACPA) is an independent government agency established through the National Health Reform Agreement (NHRA), under the *National Health Reform Act 2011* (the NHR Act) to improve health and aged care outcomes for all Australians.

The IHACPA Work Program 2026–27 articulates the key activities under sections 131, 131A and 131(1A) of the NHR Act IHACPA will undertake during the 2026–27 reporting period. The project deliverables under each key activity are prioritised and shaped by engagement with stakeholders through the Pricing Authority (the governing body of IHACPA), advisory committees and working groups, and public consultation.

The Addendum to the NHRA 2026–31 (the addendum) has been finalised and contains reforms requiring IHACPA to undertake a significant body of new work. IHACPA has included key activities that will commence or are due to be delivered in 2026–27 in the Work Program 2026–27 and will incorporate additional key activities in future work programs.

1.1 Purpose

1.1.1. Public hospitals

IHACPA's role pertaining to pricing and funding for public hospital services includes:

- determining the national efficient price (NEP) for health care services provided by public hospitals where the services are funded on an activity basis
- determining the national efficient cost (NEC) for health care services provided by public hospitals where the services are block funded
- developing block funding criteria and determining which hospitals, services and functions are eligible for block funding or a combination of activity based funding (ABF) and block funding
- developing and specifying classification systems for health care and other services provided by public hospitals
- determining adjustments to the NEP to reflect legitimate and unavoidable variations in the costs of delivering health care services
- determining data requirements and data and coding standards to apply in relation to data to be provided by jurisdictions, including:
  - data and coding standards to support uniform provision of data; and
  - requirements and standards relating to patient demographic characteristics and other information relevant to classifying, costing and paying for public hospital functions
- except where otherwise agreed between the Commonwealth and a state or territory – determining the public hospital functions that are to be funded in the state or territory by the Commonwealth.

1.1.2. Aged care

IHACPA's role pertaining to the provision of advice on aged care pricing and costing matters to the Australian Government Minister for Health and Ageing includes:

- providing advice in relation to one or more aged care pricing or costing matters, including in relation to methods for calculating amounts of subsidies to be paid for aged care services, for consideration in Australian Government funding decisions
- collecting and reviewing data, conducting costing and other studies, and undertaking consultation for the purpose of providing aged care pricing and costing advice

- performing such functions as conferred by the *Aged Care Act 2024*, including the approval of accommodation payment amounts above the maximum accommodation payment amount, or the equivalent daily accommodation payment, as prescribed by the Aged Care Rules 2025.
- performing other functions relating to aged care (if any) specified in regulations
- undertaking other actions incidental or conducive to the performance of the above functions.

1.1.3. Provision of advice to the Australian Government on other health care pricing or costing matters

Under section 131(1A) of the NHR Act, where requested by the Australian Government Minister for Health and Ageing or the Secretary of the Department of Health, Disability and Ageing, IHACPA is required to advise the Australian Government in relation to other health care pricing or costing matters (whether or not the matters relate to health care services provided by public hospitals).

2. Key activities – Public hospitals

The Independent Health and Aged Care Pricing Authority's (IHACPA) key activities and the associated deliverables for 2026–27 for public hospitals are detailed below. These deliverables are based on the requirements of the *National Health Reform Act 2011* (the NHR Act) and the Addendum to the National Health Reform Agreement (NHRA) 2026–31 (the addendum).

The addendum was signed by the Australian Government and all state and territory governments on 27 February 2026 and introduces substantial reforms to national health funding, pricing, governance and accountability, many of which add to IHACPA's work program. Key activities commencing or due to be delivered in 2026–27 are included here. Additional work arising from the addendum not listed in this work program, including work related to Schedule B of the addendum, may be incorporated in future work programs.

2.1 Pricing for Australian public hospital services

a) Development of the Pricing Framework for Australian Public Hospital Services

Deliverable	Timeframe
Complete the public consultation process for the Pricing Framework for Australian Public Hospital Services 2027−28.	July 2026
Provide the draft Pricing Framework for Australian Public Hospital Services 2027−28 to health ministers for a 45-day comment period.	September 2026
Publish the final Pricing Framework for Australian Public Hospital Services 2027−28 on the IHACPA website.	December 2026

IHACPA will develop the Pricing Framework for Australian Public Hospital Services 2027−28 to outline the principles, scope and methodology underpinning the development of the national efficient price (NEP) and national efficient cost (NEC) for public hospital services for 2027−28.

Development of the Pricing Framework for Australian Public Hospital Services includes 3 major phases: a public consultation period, review of the draft Pricing Framework for Australian Public Hospital Services by health ministers, and publication of the final Pricing Framework for Australian Public Hospital Services.

b) Determination of in-scope public hospital services eligible for Commonwealth funding under the National Health Reform Agreement

Deliverable	Timeframe
Finalise decisions on the General List of In-Scope Public Hospital Services for the addition or removal of services for 2027−28.	December 2026
Outline an approach for transitioning the grandfathered 'A17 list' services to the General List of In-Scope Public Hospital Services.	December 2027

The General List of In-Scope Public Hospital Services Eligibility Policy outlines the process by which jurisdictions can make submissions to IHACPA for public hospital services to be considered for inclusion on, or removal from, the General List of In-Scope Public Hospital Services to receive Commonwealth funding. Clauses A100–A105 of the addendum expand services eligible for Commonwealth funding to

include 'public-hospital-like service' or services that 'directly substitute or directly reduce demand for hospital services' regardless of setting, provider, or mode of delivery.

IHACPA proposes to make staged updates to the General List Policy, to maintain the continuity for jurisdictions while aligning scope, terminology and interpretation with the addendum

Full details of the public hospital services determined to be in-scope for Commonwealth funding are provided in the annual NEP Determination. In 2026–27, IHACPA will assess jurisdiction submissions for services to be included on, or removed from the General List of In-Scope Public Hospital Services for the NEP Determination 2027–28 (NEP27).

'A17 list' services

Under clause A17 of the NHRA, services that are not already captured within the General List of In-Scope Public Hospital Services and are not eligible for Commonwealth funding under clause A10 of the NHRA, are eligible for Commonwealth funding where they are delivered at specified hospitals provided the service was purchased or provided by that hospital during 2010. These 'grandfathered' services are referred to as A17 list services.

In 2026–27, IHACPA will work with the Administrator of the National Health Funding Pool (the Administrator) to develop an approach for incorporating the 'grandfathered' services from the A17 list into the general list. The addendum requires IHACPA and the Administrator to report to the Health Ministers Meeting (HMM) outlining this approach by December 2027 (clause A109).

c) National Efficient Price and National Efficient Cost Determinations for public hospital services

Deliverable	Timeframe
Finalise decisions on legitimate and unavoidable cost variations to determine whether adjustments are required for the National Efficient Price Determination 2027−28.	December 2026
Provide the draft National Efficient Price and National Efficient Cost Determinations 2027–28 to health ministers for a 45-day comment period.	December 2026
Publish the National Efficient Price and National Efficient Cost Determinations 2027–28 on the IHACPA website.	March 2027

Developing the national efficient price

The NEP represents the price that will form the basis for Commonwealth payments to local hospital networks for each episode of care under the activity based funding (ABF) system. In accordance with the addendum, IHACPA will consider the actual cost of delivering public hospital services in as wide a range of hospitals as practicable. It will also take into account any legitimate and unavoidable variations in the costs of delivering health care services due to hospital characteristics (for example, size, type and location) and patient characteristics (for example, Indigenous status, location of residence and demographic profile).

Clause A59 of the addendum states that in determining the NEP, IHACPA must have regard to ensuring the financial sustainability of the public hospital system and for the need for continuity and predictability in prices. IHACPA develops and implements new measures to ensure the data used for determining the NEP remains appropriate. IHACPA also regularly updates its National Pricing Model Stability Policy to ensure that the policy accurately describes the principles and processes IHACPA is guided by in its analysis and consideration of year-on-year stability of price weights, adjustments and NEP and NEC model parameters, including consideration of data preparation to account for material issues with data quality or data completeness and national impacts on the Australian health care system.

The addendum introduces new factors IHACPA must have regard to in determining the NEP. These include considering value for patients and the system, developing methods including sampling which allow consideration of reasonable and likely growth in cost inputs, and ensuring that movement in weights, adjustments and price from one year to another do not result in unintended volatility in NHRA funding (clause A59b, g and h).

Developing the national efficient cost

Generally, public hospitals or public hospital services will be eligible for block funding if there is either no acceptable classification system available, a low volume of activity that impacts ABF suitability, or activity and cost data collections are not in place in states or territories to allow for the pricing and funding of these services on an activity basis. Block-funded amounts are included in the NEC Determination each year.

Clauses A68–A75 of the addendum require that IHACPA develop block-funding criteria in consultation with states and territories, and that states and territories provide advice to IHACPA on how their services meet these criteria. On the basis of this advice, IHACPA determines which hospital services and functions are eligible for block funding. The Administrator then calculates the Commonwealth contribution.

IHACPA commenced a multi-year review of block funding arrangements in 2025–26 and will continue this in 2026–27. The review will consider the block funding criteria for small rural hospitals and other standalone, specialised hospitals, to ensure these remain fit for purpose, as well as broader areas including the block-funded service categories.

d) Pricing and funding for safety and quality in the delivery of public hospital services

Deliverable	Timeframe
Incorporate safety and quality approaches into the pricing and funding of public hospital services.	March 2027

Parties to the addendum recognise that reviewing and refining existing safety and quality pricing mechanisms are essential to ensuring patients receive safe, high-quality care, in the right place, at the right time. Under the addendum, IHACPA is required to continue to implement safety and quality approaches for sentinel events, hospital acquired complications (HACs) and avoidable hospital readmissions (AHRs).

Clause A87 of the addendum states existing safety and quality measures will be reviewed by the Commission and completed by 30 June 2027. While the review is being conducted, clause A90 of the addendum states that 'absolute pricing penalties for HACs and AHRs will not be applied to states. These will be shadow priced only during this time.' Following the review IHACPA is tasked with investigating and determining a new methodology that gives effect to a pricing adjustment for HACs and AHRs (clause A90a).

Sentinel events

Sentinel events are a subset of adverse patient safety events that are wholly preventable and result in serious harm to, or death of, a patient, where serious harm is defined to include requiring life-saving surgical or medical intervention, shortened life expectancy, permanent or long-term physical harm or permanent or long-term loss of function.

The Commission is responsible for maintaining the Australian Sentinel Events List, which was initially endorsed by Australian health ministers in 2002.

The Commission undertook a review of the Australian Sentinel Events List in 2017. Version 2.0 of the Australian Sentinel Events List was endorsed by Australian health ministers in December 2018.

Since July 2017, IHACPA has implemented a funding approach for sentinel events whereby a zero national weighted activity unit (NWAU) is assigned to an episode of care that includes a sentinel event. This approach is applied to all hospitals, comprising services funded on an ABF or block-funded basis.

Hospital acquired complications

A HAC refers to a complication for which clinical risk mitigation strategies may reduce (but not necessarily eliminate) the risk of that complication occurring. The Commission is responsible for the ongoing curation of the HACs list to ensure it remains clinically relevant.

Version 3.2 of the HACs list and specifications was released in May 2025.

Since July 2018, IHACPA has implemented a HACs funding approach that incorporates a risk adjustment model that assigns individual patient episodes with a HAC complexity score (low, medium or high). This complexity score is used to adjust the funding reduction for an episode containing a HAC, on the basis of the risk of that patient acquiring a HAC.

Avoidable hospital readmissions

An avoidable hospital readmission occurs when a patient has been discharged from hospital (index admission) and has a subsequent unplanned admission that is related to the index admission and was potentially preventable.

The Commission developed a list of clinical conditions considered to be avoidable hospital readmissions, which was endorsed by health ministers in 2019. Version 3.0 of the list of avoidable hospital readmission conditions and specifications was released in May 2025.

Since July 2021, IHACPA has implemented an avoidable hospital readmissions funding approach that applies a risk-adjusted NWAU adjustment to the index episode, based on the total NWAU of the associated readmission. A risk adjustment model has been derived for each readmission condition, aligning the risk of being readmitted for each episode of care, based on the most clinically relevant and statistically significant risk factors for that readmission condition.

e) Forecast of the national efficient price for public hospital services for future years

Deliverable	Timeframe
Provide confidential national efficient price forecast for future years to jurisdictions.	March 2027

Clause I29(h) of the addendum requires IHACPA to develop projections of the NEP for a 4-year period. These are updated annually, with confidential reports on these projections provided to the Australian Government and state and territory governments.

f) Supplementary Block Funding Advice to the Administrator of the National Health Funding Pool

Deliverable	Timeframe
Publish the Supplementary Block Funding Advice to the Administrator of the National Health Funding Pool for 2026–27.	June 2027

As the release of the NEC Determination in March each year does not align with all state and territory government budget cycles, IHACPA issues supplementary block-funding advice to the Administrator, which provides an opportunity for state and territory governments to update their block-funded amounts following the finalisation of their budgets.

g) Public hospital pricing model refinements

Deliverable	Timeframe
Continue to investigate options for refining the intensive care unit adjustment.	June 2027
Complete a multi-year review into the costs and pricing of care to First Nations peoples.	October 2027
Complete a multi-year review into the costs and pricing of care in rural and remote areas and smaller states and territories.	October 2027
Complete analysis to support the review of the pricing methodology for unqualified newborns.	June 2027
Continue work to develop a harmonisation methodology that does not incentivise provision of care in one setting over another.	June 2027

Under the NHR Act, IHACPA is required to determine the NEP for services provided on an activity basis in public hospitals through empirical analysis of data on actual activity and costs in public hospitals. The NHR Act also specifies that IHACPA is responsible for developing, refining and maintaining systems to calculate the NEP and determine adjustments to the NEP to account for legitimate and unavoidable variations in the costs of service delivery.

IHACPA undertakes an ongoing program of work to refine the national pricing model using an evidence-based approach on the basis of actual activity and cost data.

Based on feedback received during the consultation process for the Pricing Framework for Australian Public Hospitals 2026–27, IHACPA will continue the investigation of options for refining the intensive care unit adjustment and the pricing methodology for unqualified newborns.

In 2026–27, IHACPA will commence work to review the costs and pricing of care to First Nations peoples and in rural and remote areas and smaller states and territories. IHACPA will also continue work to develop a harmonisation methodology that does not incentivise provision of care in one setting over another.

IHACPA will continue to work, in collaboration and consultation with jurisdictions, to investigate the underlying and enduring drivers for growth in the NEP. Based on the findings of this analysis, IHACPA will provide further reform options for consideration by the parties of the NHRA to help increase the efficiency of public hospital services and ensure the sustainability of public hospital funding.

h) Costing private patients in public hospitals

Deliverable	Timeframe
Investigate phasing out the private patient correction factor	Ongoing
Review the methodology for calculating funding adjustments for private patient neutrality.	December 2027

The collection of private patient medical expenses has previously been problematic in the NHCDC. For example, there is a common practice in some states and territories of using Special Purpose Funds to collect associated revenue (such as the Medicare Benefits Schedule) and reimburse medical practitioners.

The private patient correction factor was introduced as an interim solution for the issue of missing private patient costs in the NHCDC. Submissions in response to previous consultation papers on the Pricing Framework for Australian Public Hospital Services have supported phasing out the private patient correction factor when feasible and the correction factor was removed for the Northern Territory for the National Efficient Price Determination 2021–22.

In 2026–27, IHACPA will continue to evaluate the private patient correction factor and remove it where appropriate.

IHACPA is required to adjust the price for privately insured patients in public hospitals to the extent required to achieve overall payment parity between public and private patients in the relevant state or territory, taking into account all hospital revenues. This is referred to as private patient neutrality.

Clause A90 of the addendum requires IHACPA to work with the Administrator to review the methodology for calculating funding adjustments for private patient neutrality. The intent of the review is to ensure that funding models do not incentivise public hospitals to treat private or public patients differently. The review will assess the existing methodology and make recommendations for alternative processes for future private patient neutrality adjustments. The completed review is due to be submitted to the Health Chief Executive Forum (HCEF) for members' consideration by December 2027.

i) Development of the Funding Models Framework

Deliverable	Timeframe
Develop the IHACPA Funding Models Framework.	June 2027

Clause A9 of the addendum, requires IHACPA to develop the Funding Models Framework, in consultation with all Australian and state and territory governments. The Funding Models Framework will:

- collate advice on IHACPA processes to increase the transparency of IHACPA decision making related to pricing, classification, scope, and funding stream criteria
- outline principles and criteria for determining when each funding stream is most appropriate and practicable, consistent with the objectives of the addendum
- describe the pathways to transition service categories between funding streams, and their treatment within the General List of In-Scope Public Health Services
- describe the processes for scaling and embedding successful Service Model Reform Funding (SMRF) approaches and alternative payment model trials
- include guidance for parties to the NHRA on how to request pricing, classification, or stream changes.

As part of developing the Funding Models Framework, clause A83 of the addendum requires IHACPA to determine a process for incorporating changes into the National Pricing Model that are proven through SMRF projects. Additional information on SMRF may be found in Schedule D of the addendum.

IHACPA is required to provide the first version of the Funding Models Framework to the Health Chief Executives Forum (HCEF) for members' consideration by 30 June 2027.

2.2 Data and information requirements

a) Data specification development and revision

Deliverable	Timeframe
Complete the annual development of specifications for the • activity based funding national best endeavours data sets • national minimum data sets • National Hospital Costs Data Collection (NHCDC) data sets.	December 2026

IHACPA completes and publishes an annual review of the national best endeavours data sets, national minimum data sets and NHCDC data sets required for ABF.

IHACPA and state and territory stakeholders have recognised the need to appropriately cost organ donation, retrieval and transplantation since 2014, and introduced a number of support strategies. In 2025–26, IHACPA completed a review of organ and tissue donation and transplantation services, from a data capture and pricing perspective. In 2026–27, IHACPA will work closely with state and territory governments and key stakeholders to consider the recommendations from this review.

b) Collection of activity based funding activity data for public hospitals

Deliverable	Timeframe
Collect jurisdictional activity data submissions quarterly for 2026–27.	Quarterly

For public hospital services, IHACPA will continue its collection of ABF activity data on a quarterly basis and sentinel events data on a biannual basis. Teaching, training and research and hospital cost data provided through the NHCDC will continue to be reported on an annual basis.

Based on quarterly data collections, IHACPA will undertake activity analysis that will be used to monitor the impact of the NEP pricing model on the hospital system.

c) Australian Hospital Patient Costing Standards

Deliverable	Timeframe
Promote ongoing improvement and consistency in cost data submissions through refinement of the Australian Hospital Patient Costing Standards Business Rules and Costing Guidelines.	Ongoing
Implement recommendations from the Cost Bucket Review and the NHCDC Independent Financial Review 2023–24.	Ongoing

The Australian Hospital Patient Costing Standards (AHPCS) are published for those conducting national costing activities, to promote consistency in data submissions. The AHPCS provide the framework for regulators, funders, providers and researchers for the cost data collection.

IHACPA released the AHPCS Version 4.2 in September 2023 for implementation for the 2022–23 NHCDC submissions. IHACPA also released updates to the Non-admitted Patient Care Costing Guidelines for AHPCS Version 4.2 in May 2024 and the Mental Health Care Costing Guidelines in December 2025.

In 2026–27, IHACPA will continue to update the AHPCS and through consultation with jurisdictions, will identify and prioritise target areas for review.

d) National Hospital Cost Data Collection for public and private sectors

Deliverable	Timeframe
Release the 2024–25 National Hospital Cost Data Collection public sector report.	February 2027
Release the 2024–25 National Hospital Cost Data Collection private sector report.	February 2027
Collect the 2025–26 National Hospital Cost Data Collection for public and private sectors.	June 2027

In 2026–27, IHACPA will continue to collect and analyse the NHCDC and will continue to develop a stronger compliance framework in conjunction with the NHCDC Advisory Committee.

The 2024–25 NHCDC public sector report will present the public hospital costs submitted by state and territory governments for the admitted acute, subacute and non-acute, emergency department, mental health and non-admitted activity streams.

The 2024–25 NHCDC private sector report will present the results from a voluntary collection of private hospital cost and activity information.

e) Independent Financial Review

Deliverable	Timeframe
Release an Independent Financial Review report for 2024–25	February 2027

An annual component of the NHCDC cycle is quality assurance. IHACPA commissions an independent body to review the public sector data provided by jurisdictions, with a specific focus on hospitals' financial reconciliations and consistent application of the AHPCS.

Clause I29 of the addendum states that IHACPA, in determining the NEP for services provided on an activity basis, should do so through empirical analysis of data on actual activity and costs in public hospitals.

In 2024–25, IHACPA reinstated the Independent Financial Review (IFR) for the 2023–24 NHCDC public sector to ensure the data is robust and fit for purpose for the development of the NEP. This includes verifying all in-scope costs and activity data are captured in the NHCDC, and costs are allocated to activity in accordance with the AHPCS.

In 2024–25, IHACPA also undertook development of an NHCDC quality assurance report dashboard and a new data portal to provide streamlined, flexible and timely data insights to state and territory governments regarding their NHCDC submission.

To ensure continued compliance with clause I29 of the addendum, IHACPA will review and re-evaluate data used to calculate the NEP and assess the degree to which the data reflects the actual cost of delivery of public hospital services to ensure that only legitimate and unavoidable costs have been included in the reference cost data.

In line with clause H74 of the addendum, IHACPA will also explore the treatment of Information and Communications Technology (ICT) in the NHCDC to better depict ICT cost contribution to the NEP and provide greater transparency for emerging issues to be addressed.

f) Data compliance

Deliverable	Timeframe
Publish data compliance reports quarterly for 2026–27 ABF activity data and 2025–26 NHCDC data.	Quarterly

IHACPA publishes details of jurisdictional compliance with data requirements as required by clause B81 of the addendum. Both ABF hospital activity and cost data collections are assessed in accordance with IHACPA's Data Compliance Policy. All data compliance reports are publicly available on the IHACPA website.

As outlined in the addendum, jurisdictions are required to provide IHACPA and the Administrator with a 'Statement of Assurance' on the completeness and accuracy of approved data submissions. This is outlined in more detail in the Three Year Data Plan.

g) Data sharing arrangements with Australian Government agencies

Deliverable	Timeframe
Work collaboratively with relevant Australian Government agencies to enhance data sharing arrangements to support the development of the NEP and NEC	Ongoing

To undertake its functions, IHACPA receives data from Australian Government agencies, state and territory governments and some private hospitals in accordance with the NHR Act.

In 2026–27, IHACPA will continue to work with the Australian Government Department of Health, Disability and Ageing on data sharing of the Medicare Benefits Schedule, Pharmaceutical Benefits Scheme, Private Hospital Data Bureau and Hospital Casemix Protocol data collections. IHACPA will also continue to work with Services Australia on sharing Medicare PIN data ('Submission B' data file), and with the Australian Institute of Health and Welfare on sharing Local hospital networks/Public hospital establishments data.

2.3 Classifications

a) Admitted acute care

Deliverable	Timeframe
Commence development of the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification, Australian Classification of Health Interventions and Australian Coding Standards Fourteenth Edition.	June 2027
Commence development of the Australian Refined Diagnosis Related Groups Version 13.0.	June 2027

The classification system used for admitted acute care is the Australian Refined Diagnosis Related Groups (AR-DRG) classification, which is underpinned by the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM), the Australian Classification of Health Interventions (ACHI) and the Australian Coding Standards (ACS), collectively known as ICD-10-AM/ACHI/ACS. These classifications are refined over a 3 year development cycle.

ICD-10-AM/ACHI/ACS Thirteenth Edition was implemented from 1 July 2025. AR-DRG V12.0 was released in July 2025 and is expected to be used for pricing from 1 July 2026.

In 2026–27, IHACPA will commence development of ICD-10-AM/ACHI/ACS Fourteenth Edition and AR-DRG Version 13.0. ICD-10-AM/ACHI/ACS Fourteenth Edition is intended to be completed by June 2028 and implemented from 1 July 2028, and AR-DRG Version 13.0 is intended to be released in July 2028 and implemented from 1 July 2029.

b) Subacute and non-acute care

Deliverable	Timeframe
Continue to refine the Australian National Subacute and Non-Acute Patient Classification	Ongoing

The Australian National Subacute and Non-Acute Patient Classification (AN-SNAP) Version 5.0 was released in December 2021 and has been used to price subacute and non-acute services since 1 July 2024.

IHACPA will continue exploring a range of refinement areas for subacute and non-acute patient classification raised in stakeholder feedback or identified from the analysis of recent data sets and will progress this work through the Subacute Care Working Group.

The AN-SNAP classification is a priority focus within the International Classification of Diseases 11th Revision (ICD-11) maturity assessment, with short, medium, and long-term refinement opportunities to strengthen classification interoperability and the evidence base.

IHACPA will commence work to validate ICD-11 Section V and the World Health Organization Disability Assessment Schedule 2.0 (WHODAS 2.0), a coding framework capturing functional status, impairments, activity limitations, and participation restrictions. A structured evaluation of WHODAS 2.0 will be undertaken comprising research partnerships, and theoretical framework development to support the integration into ABF classifications. This will build a robust evidence base for broader adoption across classifications and care settings.

c) Emergency care

Deliverable	Timeframe
Commence refinement of the Emergency Care ICD-10-AM Principal Diagnosis Short List (EPD Short List) for ICD-10-AM Fourteenth Edition.	June 2027
Continue development of the Australian Emergency Care Classification Version 2.0.	June 2027
Commence investigation into an appropriate classification for emergency virtual care.	June 2027

The Australian Emergency Care Classification (AECC) Version 1.1 was released in August 2024 and used to price emergency care patient presentations since 1 July 2025.

AECC is underpinned by the Emergency Care ICD-10-AM Principal Diagnosis Short List (EPD Short List) and both the AECC and the EPD Short List are refined over a 3-year development cycle.

IHACPA commenced development of the AECC Version 2.0 in 2025. The work program includes the review of paediatric patients presenting in emergency care, and standard refinements such as:

- recalibration of the complexity model using recent cost and activity data
- incorporation of new editions of ICD-10-AM and EPD Short List
- review and refinement of the Emergency Care Diagnosis Groups that are used for assigning the AECC end classes.

In 2026–27, IHACPA will commence an Emergency Virtual Care (EVC) Classification development project. This project will assess if existing classifications can be modified or if an alternative classification is required for EVC presentations.

d) Non-admitted care

Deliverable	Timeframe
Continue to refine the Tier 2 Non-Admitted Services Classification.	Ongoing
Continue the multi-stage project to support the development of a new patient level non-admitted care classification.	Ongoing

The Tier 2 Non-Admitted Services Classification (Tier 2) categorises non-admitted services into classes that are generally based on the nature of the service provided and the type of clinician providing the service.

A new non-admitted care classification will better describe patient characteristics and complexity of care to more accurately reflect the costs of non-admitted services. The new classification will account for changes in how care is delivered and, as electronic medical records evolve, will enable more detailed data capture to support testing of new funding models across multiple settings.

In 2023, the work to develop a new non-admitted care classification recommenced through the Australian Non-Admitted Patient Classification Project (ANAPP). The ANAPP aims to determine a method to extract and utilise data items from state and territory electronic medical record (eMR) systems, other relevant information systems and applicable cost data to develop a comprehensive activity and cost data set. Rigorous statistical analysis will then be conducted to develop a new non-admitted care services classification.

The ANAPP is comprised of 4 stages with a stage gate following each stage. Progression to future stages is dependent on IHACPA's review of outputs, findings, and recommendations from each stage:

- Stage 1: Investigation and consultation
- State 2: Pilot – Proof-of concept, data collection and final data sets
- Stage 3: Close the gap exercise, if required

- Stage 4: Analysis and classification development.

IHACPA completed Stage 1 of the project in October 2023 and has commenced the Stage 2 Pilot, which will utilise existing clinical data and cost data obtained from eMR systems and other relevant information systems to inform the costing process. This approach reduces the administrative burden on clinicians and minimises the impact on clinical service delivery. While work is undertaken to develop a new non-admitted care classification, IHACPA will continue to refine Tier 2 in consultation with jurisdictions.

e) Mental health care

Deliverable	Timeframe
Continue development of the Australian Mental Health Care Classification Version 2.0	Ongoing

The Australian Mental Health Care Classification (AMHCC) Version 1.1 was released in December 2023. AMHCC Version 1.1 has been used to price admitted and community mental health care since 1 July 2025.

In 2026–27, IHACPA will continue development of AMHCC Version 2.0 including investigating areas for refinement, such as the treatment of age within the classification, reviewing consumer characteristics of same-day treatments and the application of mental health legal status across settings in consultation with jurisdictions, clinical and consumer representatives and other stakeholders.

f) Teaching, training and research

Deliverable	Timeframe
Continue to work with jurisdictions to implement the Australian Teaching and Training Classification.	Ongoing

The Australian Teaching and Training Classification (ATTC) Version 1.0 was released in July 2018.

IHACPA has developed the ATTC as a national classification for teaching and training activities that occur in public hospitals. The ATTC aims to provide a nationally consistent approach to how teaching and training activities are classified, counted and costed.

The ATTC will improve reporting of hospital-based teaching and training activities and in the future improve the transparency of funding. State and territory governments broadly support ATTC but note there are challenges related to its implementation, such as the availability of activity and cost data.

The addendum requires IHACPA to develop an approach for progressing improvements to the ATTC and implementation options. In 2026–27, IHACPA will continue to work with jurisdictions to gain a clearer understanding of the composition of existing block-funded amounts for teaching and training, and how this funding is distributed across the states and territories, while improvements to the reporting of activity and cost data continue to be made to support implementation.

Research is not incorporated into the ATTC and IHACPA is not proposing any further work to develop a research classification.

g) Sales of the admitted acute care classification system

Deliverable	Timeframe
Manage the international sales of the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification, Australian Classification of Health Interventions, Australian Coding Standards (ICD-10-AM/ACHI/ACS) and the Australian Refined Diagnosis Related Groups (AR-DRG) classification systems.	Ongoing

IHACPA has responsibility for managing international sales of the ICD-10-AM/ACHI/ACS and AR-DRG classification systems as the custodian of the Australian Government's Intellectual Property in ICD-10-AM/ACHI/ACS and AR-DRGs.

2.4 Decision making and engagement

a) Investigate and make an assessment or recommendation on cost-shifting and cross-border disputes

Deliverable	Timeframe
Investigate and make recommendations on cross-border disputes.	Ongoing
Investigate and make an assessment on cost-shifting disputes.	Ongoing

As outlined in Part 4.3 of the NHR Act, IHACPA has a role to investigate and make recommendations to resolve cross-border disputes and to make assessments to resolve cost-shifting disputes between jurisdictions in relation to public hospital services, when requested to do so by a state or territory health minister.

IHACPA developed the Cost-Shifting and Cross-Border Dispute Resolution Policy to guide timely, equitable and transparent processes to investigate both cross-border and cost-shifting disputes.

The Cost-Shifting and Cross-Border Dispute Resolution Policy is reviewed regularly in consultation with all jurisdictions to ensure it remains current to sufficiently support IHACPA's cross-border and cost-shifting dispute resolution role.

b) Monitor and evaluate the implementation of activity based funding for public hospital services

Deliverable	Timeframe
Provide quarterly activity based funding activity data reports to the Jurisdictional Advisory Committee	Ongoing

In 2026–27, IHACPA will continue to monitor changes in the mix, distribution and volume of public hospital services each quarter, and conduct an annual analysis of the impacts of ABF implementation on the delivery of public hospital services through the ABF Monitoring Framework.

Consistent with clause I38 of the addendum, should IHACPA identify anomalies in service volumes or other data that suggest that services have been transferred from the community to public hospitals for the dominant purpose of making that service eligible for Commonwealth funding, IHACPA will in the first instance consult with the state or territory in question to ascertain what underlying factors may be driving movements in service volumes.

c) Evidence-based activity based funding related research

Deliverable	Timeframe
Publish evidence-based activity based funding related research and analysis.	Ongoing
Provide advice to states and territories on proposals for the trial of innovative funding models and models of care.	Ongoing
Consider recommendations arising from the investigation into virtual models of service delivery and care, and associated funding arrangements.	September 2026
Continue to investigate the impact and occurrence of delayed discharge of older patients in public hospitals.	June 2027

Evidence-based research plays a significant role in the ongoing advancement of ABF in Australia. This is particularly the case in improving the understanding of the relationship between public hospital activity and costs in all care settings.

As required, IHACPA will conduct ABF related research that furthers the understanding and implementation of ABF, particularly in relation to classifications, coding standards and pricing methodologies. As a result, IHACPA will be better positioned to determine a NEP that accurately reflects the costs experienced by Australian public hospitals.

Publication of ABF related research

IHACPA considers that broadening access to its data and publication of analysis using the data would benefit work to develop and evaluate health policy and programs by researchers, clinical groups and peak bodies and would serve the interests of transparency.

IHACPA will continue to work with stakeholders to improve access to hospital data, including developing appropriate safeguards and identifying opportunities that all parties are agreeable to in the release of data and/or publications to third parties.

Innovative funding models and models of care

The addendum and the Pricing Guidelines include provisions for IHACPA to consider the impact on its work of evidence-based, effective new technologies and innovations in models of health care. IHACPA maintains a watching brief on emerging trends in health care to ensure that the current ABF framework can accommodate new and alternate approaches to public hospital funding and service delivery.

While ABF has increased the transparency of hospital services and costs, it has the potential to incentivise more activity or to admit patients instead of focusing on hospital avoidance and patient outcomes. Consequently, there is an increased need to focus on delivering value-based health care aimed at improving patient outcomes and experiences.

Under Schedule D of the addendum, a new Service Model Reform Funding (SMRF) stream will be implemented from July 2027 as a mechanism to foster innovation and improved productivity. It will be used to support the design, trial and evaluation of trialling new models of care, including bundled and capitation payment service models.

In 2026–27, IHACPA will continue to work closely with states and territories and clinical experts to facilitate the implementation pathway for trialling state and territory nominated innovative funding models through SMRF.

Virtual models of care

IHACPA undertook the Virtual Care Project to understand the current state of virtual care, including funding in Australia and internationally; investigate new and emerging trends in virtual care and opportunities to adapt the national pricing model; and develop practical recommendations to inform the improved integration of virtual care into the broader Australian health system. The final report was published in February 2025 and made 5 key recommendations to inform the development of a national strategy for virtual care services.

In 2026–27 IHACPA will continue to work with states and territories to respond to the findings and recommendations identified in the report.

Delayed discharge of older patients in public hospitals

In consultation with jurisdictions and key stakeholders, IHACPA investigated the impact and occurrence of delayed discharge of older patients in public hospitals as part of the 2024–25 work program. IHACPA will continue to work with the Australian Government and states and territories as they progress work on this issue.

d) Promoting access to public hospital data

Deliverable	Timeframe
Continue to promote access to data through the National Benchmarking Portal.	Ongoing

The National Benchmarking Portal (NBP) is a secure web-based application that allows users to compare cost and activity from hospitals around the country. It provides users the ability to compare differences in activity, cost and efficiency at similar hospitals using NWAU.

IHACPA provided public access to the NBP from July 2022. The NBP includes insights into the data collected between 2017–18 and 2022–23. Information such as total NWAU, cost per NWAU and total costed records are available to facilitate analysis at the state and territory, local hospital network and hospital level across the patient service categories. The NBP also includes dashboards relating to hospital acquired complications and avoidable hospital readmissions.

In 2026–27, IHACPA will update the existing dashboards to include data for 2023–24 and will continue working with jurisdictions and key stakeholders to enhance the functionality of, and data sets available through, the NBP.

3. Key activities – Aged care

The Independent Health and Aged Care Pricing Authority's (IHACPA) strategic objectives and the associated key deliverables for aged care for 2026–27 are detailed below. These deliverables are based on the requirements of the *National Health Reform Act 2011* (the NHR Act) and the *Aged Care Act 2024* (the Aged Care Act).

3.1 Pricing for Australian aged care services

a) Development of the Pricing Framework for Australian Residential Aged Care Services and the Residential Aged Care Pricing Advice

Deliverable	Timeframe
Complete the public consultation process for the Pricing Framework for Australian Residential Aged Care Services 2027–28.	September 2026
Provide the Pricing Framework for Australian Residential Aged Care Services 2027–28 to the Australian Government Minister for Health and Ageing.	March 2027
Provide the draft Residential Aged Care Pricing Advice 2027–28 to the Australian Government Minister for Health and Ageing.	December 2026 and March 2027
Provide the final Residential Aged Care Pricing Advice 2027–28 to the Australian Government Minister for Health and Ageing to inform decisions on residential aged care and residential respite care funding.	By August 2027

Pricing Framework for Australian Residential Aged Care Services and Residential Aged Care Pricing Advice

The Pricing Framework for Australian Residential Aged Care Services is the key policy document for IHACPA related to residential aged care and residential respite care and underpins IHACPA's approach to developing residential aged care pricing and costing advice to the government.

Development of the Pricing Framework for Australian Residential Aged Care Services includes 3 major phases: a public consultation period, provision of the Pricing Framework for Australian Residential Aged Care Services to the Australian Government Minister for Health and Ageing, and publication of the Pricing Framework for Australian Residential Aged Care Services, following agreement from the Minister.

IHACPA's pricing advice considers a variety of data sources to provide a better understanding of the costs associated with providing aged care services. This advice also considers feedback from aged care stakeholders as part of the public consultation process.

IHACPA will provide 2 drafts of the pricing advice to the Australian Government Minister for Health and Ageing in December 2026 and March 2027 which include the Australian National Aged Care Classification (AN-ACC) price and price weights. The final pricing advice will be delivered by August 2027 and includes the final AN-ACC price, based on final outcomes from the Fair Work Commission annual wage review and work value case decisions and determinations.

b) Development of other advice and recommendations to the Australian Government on funding for residential aged care

Deliverable	Timeframe
Undertake a feasibility study and provide advice to inform Australian Government decisions on funding for required everyday living services.	July 2028
Undertake an assessment and provide advice to inform Australian Government decisions on the funding model for the Multi-Purpose Service Program.	June 2026
Undertake an assessment and provide advice to inform Australian Government decisions on the funding model for the National Aboriginal and Torres Strait Islander Flexible Aged Care Program.	July 2026

The Australian Government has requested advice and recommendations from IHACPA on a number of residential aged care pricing and costing matters.

Registered providers of residential aged care receive a hotelling supplement to help meet the costs of providing everyday living services. The Australian Government is seeking IHACPA's advice on the cost differentials to provide everyday living services and how the cost can be impacted by factors such as geographic location and the classification of resident care needs. Informed by IHACPA's analysis and advice through a multi-year program of work, the Australian Government will consider tiering of the hotelling supplement.

The Multi-Purpose Service Program (MPSP) provides integrated health and aged care services for older people living in rural and remote Australia, in areas that cannot support both a hospital and a separate aged care home.

The National Aboriginal and Torres Strait Islander Flexible Aged Care Program (NATSIFACP) provides flexible, culturally safe aged care services to older Aboriginal and Torres Strait Islander peoples. These aged care services are mainly delivered in rural and remote areas nationally.

The Australian Government has requested IHACPA undertake a funding model assessment for the MPSP and NATSIFACP through a multi-year program of work. This will be undertaken in collaboration with the Department of Health, Disability and Ageing and include consultation with MPSP and NATSIFACP providers, a scoping study and pricing review to facilitate the provision of advice and recommendations to the Australian Government on any future funding models for each program.

c) Development of the Pricing Framework for Australian Support at Home Aged Care Services and the Support at Home Pricing Advice

Deliverable	Timeframe
Provide the Pricing Framework for Australian Support at Home Aged Care Services 2027–28 to the Australian Government Minister for Health and Ageing.	November 2026
Provide the Support at Home Pricing Advice 2027–28 to the Australian Government Minister for Health and Ageing to inform decisions on in-home aged care funding.	December 2026
Complete the public consultation process for the Pricing Framework for Australian Support at Home Aged Care Services 2028–29	April 2027

Pricing Framework for Australian Support at Home Aged Care Services and the Support at Home Pricing Advice

The Support at Home program consolidates the existing in-home aged care programs, including the Home Care Packages (HCP) Program, the Short-Term Restorative Care (STRC) Programme and the Commonwealth Home Support Programme (CHSP). IHACPA will provide pricing advice to inform Australian Government policy and funding decisions on the Support at Home program. The Support at Home program was implemented on

1 November 2025 with the transition of the HCP and STRC programs to Support at Home. The CHSP will transition to the Support at Home program no earlier than 1 July 2027.

The Pricing Framework for Australian Support at Home Aged Care Services is the key policy document for IHACPA relating to the development of pricing advice for the Support at Home service list and outlines key considerations and methods used by IHACPA to develop pricing and costing advice to government. The service list outlines the services that participants can access under the Support at Home program to remain independent at home for longer.

Development of the Pricing Framework for Australian Support at Home Aged Care Services includes 3 major phases: a public consultation period, provision of the Pricing Framework for Australian Support at Home Aged Care Services to the Australian Government Minister for Health and Ageing, and publication of the Pricing Framework for Australian Support at Home Aged Care Services, following agreement from the Minister.

IHACPA will provide the pricing advice to the Australian Government Minister for Health and Ageing in December 2026. IHACPA's pricing advice considers a variety of data sources to provide a better understanding of the costs associated with providing aged care services. This advice also considers feedback from aged care stakeholders as part of the public consultation process.

d) Aged care functions under the *Aged Care Act 2024*

Deliverable	Timeframe
Assess applications for accommodation payment amounts above the maximum, as prescribed by the Aged Care Rules 2025.	Ongoing

Aged care accommodation

IHACPA has the responsibility to consider applications and make a decision to approve or not approve accommodation payment amounts that are higher than the maximum accommodation payment amount, as prescribed by the Aged Care Rules 2025.

3.2 Data and information requirements

a) Australian Residential Aged Care Cost Data Collection

Deliverable	Timeframe
Collect Residential Aged Care Cost Collection 2026 data.	December 2026
Provide the Residential Aged Care Cost Collection 2026 Report to the Australian Government Minister for Health and Ageing.	April 2027

Residential Aged Care Cost Collection

To inform the development and refinement of the AN-ACC funding model, IHACPA will conduct annual cost collection in the residential aged care setting. The purpose of the collection is to collect a representative sample of cost data reflecting the care activities that residents of aged care facilities receive, across a variety of residential aged care facilities. The results and findings from the cost collection will inform the development of a costing framework, costing methodology, data sets and related materials and processes, which will support IHACPA's pricing advice on residential aged care.

IHACPA will engage with relevant stakeholders to determine priorities for consideration, such as residential respite, in future costing studies to inform the refinement of the AN-ACC funding model.

b) Support at Home Cost Collection

Deliverable	Timeframe
Collect Support at Home Cost Collection 2026 data.	December 2026
Provide the Support at Home Cost Collection 2026 Report to the Australian Government Minister for Health and Ageing.	April 2027

Support at Home Cost Collection

To inform the development of pricing advice for the service list for the Support at Home program, IHACPA undertook Support at Home Cost Collections in 2024 and 2025. The results and findings from the cost collection informed the development of the costing framework, costing methodology and data sets that underpin IHACPA's Support at Home Program pricing advice and provide a foundation to support future costing studies.

c) Data quality and improvement

Deliverable	Timeframe
Continue the development of the Australian Aged Care Costing Standards.	June 2027
Work collaboratively with the Australian Government Department of Health, Disability and Ageing on refinements to the Aged Care Financial Report and the Quarterly Financial Report.	Ongoing
Undertake focused costing studies on priority areas identified through consultation processes or as requested by the Australian Government.	Ongoing

Development of the Australian Aged Care Costing Standards

In 2026–27, IHACPA will continue to develop costing standards which describe consistent and best practice allocation of costs to aged care residents and participants. The Australian Aged Care Costing Standards will be incorporated into the residential aged care costing study and used to inform allocation of costs to services provided through the Australian Government's Support at Home program.

Aged Care Financial Report and Quarterly Financial Report

In 2026–27, IHACPA will continue to provide advice to the Australian Government Department of Health, Disability and Ageing in relation to recommended refinements to the Aged Care Financial Report and the Quarterly Financial Report to inform IHACPA's development of annual aged care pricing and costing advice.

Aged care costing studies

In 2026–27, IHACPA will work with the Aged Care Advisory Committee, the Aged Care Network and key stakeholders to identify priority areas that could be informed by undertaking focused costing studies, for future pricing advice and funding model refinement.

3.3 Decision making and engagement

a) Consideration of classification refinement

Deliverable	Timeframe
Provide advice on potential areas of refinement to the Australian National Aged Care Classification.	Ongoing

The AN-ACC funding model provides funding to registered providers reflective of service location and specialisation and each residents' care needs through the application of national weighted activity units to the AN-ACC price.

Based on stakeholder feedback and the analysis of available data, IHACPA will continue to provide advice to the Australian Government on potential areas of refinement to the AN-ACC, in consultation with its advisory committees and working groups.

b) Engagement with the aged care sector

Deliverable	Timeframe
Work with the Aged Care Network to enhance engagement with the aged care sector and expand the representation of special interest groups in IHACPA's aged care work program.	Ongoing
Engage with the aged care sector through aged care forums and conferences.	Ongoing

Aged Care Network

The Aged Care Network was established in August 2025 and represents a consultative forum for IHACPA to seek targeted expert feedback and input on a broad range of matters arising from IHACPA's annual aged care work program and supplement existing consultation processes through the annual consultation paper and established groups such as the Aged Care Advisory Committee.

The Aged Care Network will foster collaboration and provide a platform for effective bilateral communication with the aged care sector, with a focus on expanding representation of special interest groups in aged care cohorts that are currently underrepresented in IHACPA's public consultations and cost collections, which will improve the quality and representativeness of IHACPA's pricing and costing advice.

Aged care forums and conferences

In 2025–26, IHACPA attended and presented on its aged care work program at a number of forums and conferences, including but not limited to the IHACPA Conference, the Ageing Australia State and National Conferences, the National CHSP Conference, the Australian Community Transport Association National Conference and the Patient Classification Systems International Conference.

In 2026–27, IHACPA will continue to engage with the aged care sector and enhance IHACPA's understanding of the sector landscape through aged care forums and conferences.

4. Key activities – Other healthcare pricing and costing

Under section 131(1A) of the *National Health Reform Act 2011* (the NHR Act), the Australian Government Minister for Health and Ageing or the Secretary of the Australian Government Department of Health, Disability and Ageing may request the Independent Health and Aged Care Pricing Authority (IHACPA) to advise the Australian Government in relation to other health care pricing or costing matters. Deliverables associated with such requests are listed below.

4.1 Deliverables under section 131(1A) of the *National Health Reform Act 2011*

a) Prescribed List reform

Deliverable	Timeframe
Provide advice, as requested, to the Australian Government Department of Health, Disability and Ageing to support the Prescribed List reforms.	Ongoing

The Prescribed List is a schedule of medical devices and benefits that defines the minimum amount private health insurers are required to pay hospitals that utilise these devices in the provision of care to privately insured individuals. The Prescribed List forms part of the Private Health Insurance (Prostheses) Rules, which is a legislative instrument made under the *Private Health Insurance Act 2007.*

In 2021, the Australian Government Department of Health, Disability and Ageing commenced four years of reform activity to improve the Prescribed List and its arrangements. These reforms include changes aimed at improving the alignment of the Prescribed List scheduled benefits with prices paid in the public hospital system, streamlining the administration of the list, and better defining the purpose and scope of the Prescribed List. Revisions to the purpose and scope of the Prescribed List aim to provide greater clarity and certainty about which items are eligible for inclusion on the Prescribed List.

To support the implementation of the Prescribed List reforms, IHACPA established a public benchmark price for prostheses in Australian public hospitals. This public benchmark price informed benefit reductions that have been implemented in the Prescribed List.

In September 2024, to further support the Prescribed List reforms, IHACPA provided advice to the Australian Government Department of Health, Disability and Ageing on updated estimates of projected benefits and savings associated with the Prescribed List reforms.

IHACPA will continue to work with the Australian Government Department of Health, Disability and Ageing and key stakeholders to support the Prescribed List reforms in 2026–27.

b) Radiation oncology

Deliverable	Timeframe
Undertake a project to understand the cost of delivery of radiation oncology services.	March 2027

In June 2025, IHACPA received a request from the Minister for Health and Ageing under section 131 (1A) of the NHR Act to investigate the cost of provision of radiation oncology services.

The purpose of the project is to investigate a reported disparity in the cost and funding of these services under the National Health Reform Agreement.

The project aims to identify the true and full costs of public radiation oncology services and to consider the results of that cost review in relation to radiation oncology price weights determined by the Pricing Authority as part of the National Efficient Price Determination.

The project commenced in November 2025 and is expected to be completed by March 2027.

5. Key activities – Agency

The Independent Health and Aged Care Pricing Authority's (IHACPA) deliverables for 2026–27 pertaining to the agency as a whole, including those prescribed by the *National Health Reform Act 2011* (the NHR Act), the Addendum to the National Health Reform Agreement 2020–26 (the addendum) and the *Aged Care Act 2024* (the Aged Care Act), are listed below.

5.1 Data and information requirements

a) Three Year Data Plan

Deliverable	Timeframe
Publish the Three Year Data Plan 2027–28 to 2029–30.	June 2027

IHACPA's Three Year Data Plan communicates the data requirements, data standards and timelines that IHACPA will use to collect public hospital and aged care services data over the coming three years.

IHACPA supports the concept of 'single provision, multiple use' of information to maximise data provision efficiency and continues to align its rolling Three Year Data Plan with the National Health Funding Body's data plan to support this aim.

In 2026–27, IHACPA will update the Three Year Data Plan, including data collection requirements for both public hospital and aged care services, and provide it to the Health Chief Executives Forum and the Health Ministers' Meeting for consideration.

b) Implementation of Data Governance policies

Deliverable	Timeframe
Maintain the security of the Secure Data Management System.	Ongoing
Further develop the Secure Data Management System functionality.	June 2027
Maintain and enhance the data warehouse and reinforce strong data governance and data management practices.	Ongoing
Conduct annual Data Governance policy reviews.	June 2027

IHACPA's Secure Data Management System (SDMS) is a system that has introduced greater flexibility of file upload specifications, faster validation and reporting, and enhanced capabilities for jurisdictions to track and manage their submission process. The SDMS is comprised of a data submission portal, data validation process, data storage and data analytics platform.

IHACPA has an ongoing cyber security management program to ensure that the SDMS is maintained in line with relevant security standards and the IHACPA Data Governance policies. In 2026–27, IHACPA will complete the annual review of the Data Governance policies to ensure they remain fit for purpose.

c) Implementation of the Data Quality Framework

Deliverable	Timeframe
Consider recommendations following development of the Data Quality Framework in relation to data submission, loading and validation processes.	June 2027

The NHCDC Public Sector Review Report 2021–22 recommended that IHACPA develop a Data Quality Framework to improve the cost and activity data collections.

In 2025–26, IHACPA released the Data Quality Framework that enables consistent assessment, understanding, communication, and management of data quality throughout the data lifecycle. The recommendations developed from this project will inform future improvements to the collections.

5.2 Stakeholder engagement

a) Stakeholder forum and educational support

Deliverable	Timeframe
Deliver the IHACPA Summit 2026.	July 2026
Develop and promote materials and resources to educate, inform and engage stakeholders about IHACPA's work program and our role in the health and aged care systems.	Ongoing

In July 2026 IHACPA will host a one-day summit in New South Wales, enabling IHACPA to continue its engagement with a wide range of health and aged care stakeholders. The summit will provide a forum to discuss common challenges, share lessons and explore a forward-looking agenda for the care economy.

IHACPA's educational offerings are enhanced by the educational resources on the IHACPA Learn platform to support the implementation of the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification, Australian Classification of Health Interventions and Australian Coding Standards (ICD-10-AM/ACHI/ACS) and the Australian Refined Diagnosis Related Groups (AR-DRG). New modules for ICD-10-AM/ACHI/ACS Thirteenth Edition were released in May 2025 and new modules were released for AR-DRG Version 12.0 in September 2025.

In 2026–27, IHACPA will continue to develop and promote other educational materials and resources for health and aged care stakeholders.

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