



IHACPA

Development of IHACPA Classifications

Volume 1 Governance Framework

Version 1.0
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Acknowledgement of Country

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

Artwork by Chern'ee Sutton

Development of IHACPA Classifications – Volume 1 Governance Framework – Version 1.0

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Abbreviations

Abbreviations	Full term
ACHI	Australian Classification of Health Interventions
ACS	Australian Coding Standards
AECC	Australian Emergency Care Classification
AMHCC	Australian Mental Health Care Classification
AN-ACC	Australian National Aged Care Classification
AN-SNAP	Australian National Subacute and Non-Acute Patient classification
AR-DRGs	Australian Refined Diagnosis Related Groups
ATTC	Australian Teaching and Training Classification
CAC	Clinical Advisory Committee
EPD Short List	Emergency Care ICD-10-AM Principal Diagnosis Short List
ICD-10-AM	International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification
IHACPA	Independent Health and Aged Care Pricing Authority
JAC	Jurisdictional Advisory Committee
NHRA	National Health Reform Agreement
TAC	Technical Advisory Committee

1. IHACPA's role in classification development

Classifications for the health care sector provide a nationally consistent and clinically meaningful framework for describing the health of Australians, their treatments and associated resource use across the healthcare system, contributing to better outcomes for all.

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). We develop classifications that are internationally recognised for underpinning efficient and equitable pricing and are instrumental in enabling consistent reporting, performance measurement, health service research, and clinical information management. They are developed in consultation with stakeholders and reviewed and updated regularly to reflect advances in clinical knowledge and changes in care practices.

1.1 IHACPA classifications

We develop and refine a suite of classifications used across various care settings, including the:

- 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](#)), including 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, we will also provide advice to inform potential refinements to the Australian National Aged Care Classification ([AN-ACC](#)) funding model, including the classification.

2. Purpose of the governance framework

The **Development of IHACPA Classifications – Volume 1 Governance Framework** provides the overarching structure for creating, maintaining and updating IHACPA classifications, ensuring they remain accurate, clinically relevant and fit for purpose across the healthcare system. It sets out a unified and standardised approach to classification development that aligns with the IHACPA Strategic Plan 2025–30.

2.1 IHACPA Strategic Plan 2025–30

The [IHACPA Strategic Plan 2025–30](#) outlines our vision for the future and the steps we will take to achieve our goals and objectives. It reflects the agency's commitment to investing in our people, strengthening relationships across the care economy, and maintaining a robust and effective evidence base. IHACPA's vision, purpose and values for the next five years are shown in Figure 1.

Figure 1: IHACPA Strategic Plan 2025–30

Vision	A sustainable Australian care system that is accessible, resilient and delivers quality care outcomes for everyone			
Purpose	We use evidence to make fair and equitable decisions that drive efficiency and promote better value, and higher quality care services			
Values	Inclusive We work better together	Trustworthy Integrity defines us	Curious Innovation drives us forward	
Goals	Goal 1: Organisational excellence	Goal 2: Efficient, equitable and quality care systems	Goal 3: A robust and adaptive evidence base	Goal 4: A partner of choice
Sub-Goals	1.1: Invest in our people	2.1: Champion transparent and evidence-based decision making	3.1: Enhance data quality and analysis	4.1: Foster sustainable and inclusive approaches for community and industry consultation
	1.2: Lead with a culture of equity and respect	2.2: Build on our world-leading classification systems		4.2: Strengthen our relationships with Australian governments and agencies
	1.3: Build and maintain effective governance practices	2.3: Share evidence-based insights that shape policy	3.2: Understand a person's care journey	
	1.4: Foster an environment that supports innovation	2.4: Evolve our methodologies to better promote quality and efficiency	3.3: Invest in technology that improves our efficiency and data security	4.3: Expand domestic and international research collaborations

2.2 Governance framework structure

The Development of IHACPA Classifications – Volume 1 Governance Framework is supported by 8 companion volumes, each covering one of the classifications. Volumes 2 to 9 must be read in conjunction with Volume 1.

The 9 volumes are:

- Volume 1 Governance Framework
- Volume 2 ICD-10-AM/ACHI/ACS
- Volume 3 AR-DRGs
- Volume 4 AN-SNAP
- Volume 5 AMHCC
- Volume 6 AECC (including EPD Short List)
- Volume 7 Tier 2
- Volume 8 ATTC
- Volume 9 AN-ACC.

2.3 Objectives

The Volume 1 Governance Framework provides a unified and standardised approach to classification development, ensuring that IHACPA's classifications remain clinically current, consistent and fit for purpose across the broader health system. The objectives of the governance framework are outlined in Table 1.

Table 1: Governance framework objectives

Objectives	Definition	Strategic plan alignment
Objective 1 – Process integrity	- consistent principles that define scope and development priorities - clear roles for stakeholders, advisory groups and governing bodies - promote responsible stewardship of public resources, including consideration of efficiency and appropriate expenditure in classification development decisions	1.2: Lead with a culture of equity and respect 1.3: Build and maintain effective governance practices 1.4: Foster an environment that supports innovation 2.1: Champion transparent and evidence-based decision making 4.2: Strengthen our relationships with Australian governments and agencies
Objective 2 – Transparency	- iterative development in consultation with stakeholders - public consultation for major updates - published development cycle timelines and approval processes	1.2: Lead with a culture of equity and respect 1.3: Build and maintain effective governance practices 2.1: Champion transparent and evidence-based decision making 4.2: Strengthen our relationships with Australian governments and agencies
Objective 3 – Classification system stability and currency	- regular review and updates to reflect advances in clinical knowledge and practice - major updates balanced with system stability and implementation impacts - all changes are documented, version-controlled and transparent over time	2.1: Champion transparent and evidence-based decision making 2.2 Build on our world-leading classification systems 2.4: Evolve our methodologies to better promote quality and efficiency 3.1 Enhance data quality and analysis 3.2 Understand a person's care journey
Objective 4 – Evidence based decision making	- updates are guided by clear development principles and robust decision-making processes - decisions are transparent, consistent and defensible ensuring classifications remain fit for purpose	2.1: Champion transparent and evidence-based decision making 2.2 Build on our world-leading classification systems 2.4: Evolve our methodologies to better promote quality and efficiency 3.1 Enhance data quality and analysis 3.2 Understand a person's care journey

3. Fundamental classification development principles

Classifications organise large volumes of information into coherent, manageable units that support understanding, communication, prediction and the identification of meaningful relationships.

In health care, classifications provide a standardised, clinically meaningful framework for describing health conditions, interventions and associated resource use. They transform complex patient information into consistent categories that underpin clinical documentation, funding, performance measurement and other health system functions.

Classification development principles ensure this framework is structured, stable and analytically robust. They provide a consistent and transparent foundation for grouping health information into categories with shared characteristics, supporting reliable statistical use across clinical, administrative and research contexts.

The principles, shown in Table 2 Fundamental principles for healthcare classification development, also underpin the governance framework objectives in Table 1. Both the objectives and principles require regular review to ensure classifications remain fit for purpose and to identify when revisions or replacement are required.

Table 2: Fundamental principles for healthcare classification development

Fundamental principles for healthcare classification development	
Principle 1 – Comprehensive	The classification must enable the classification of all relevant concepts, conditions and interventions at any point in time, including residual (other and unspecified) categories.
Principle 2 – Mutually exclusive categories	Each item must be assigned to one and only one category avoiding overlap, double-counting, or ambiguity, supporting statistical reliability. This is ensured by inclusion/exclusion notes, clear indexing and coding standards.
Principle 3 – Readily understood by users and data providers	Categories must be clear, intuitive, and well-defined so that clinicians, clinical coders, data analysts, and other users can apply and interpret them consistently. Definitions, inclusion/exclusion notes and terminology must align with clinical practice.
Principle 4 – Hierarchical structure	The classification must provide multiple levels, from broad groups to detailed categories, so it can be applied across diverse statistical, analytical, funding, and reporting requirements.
Principle 5 – Stable over time yet updatable	The structure and core concepts must remain sufficiently stable to support longitudinal analyses. The design must enable efficient updates that incorporate new clinical knowledge, technologies, service models or other changes in the prevalence or cost of a service.
Principle 6 – Consistent development principles aligned with purpose	Rules and decision criteria must be applied systematically and transparently, so that all changes maintain alignment with the classification's stated purpose and fitness for use.
Principle 7 – Interoperable across care settings	The codes, definitions and structure of the classification must remain meaningful and consistent across care settings, for example acute, subacute, community and emergency. This enables integrated care, consistent data capture and meaningful patient-journey analytics.

Application of the principles

The principles are intended to guide consideration in classification development and refinement decisions. They are not applied as prescriptive or exhaustive criteria, and not all principles will be equally relevant in all circumstances.

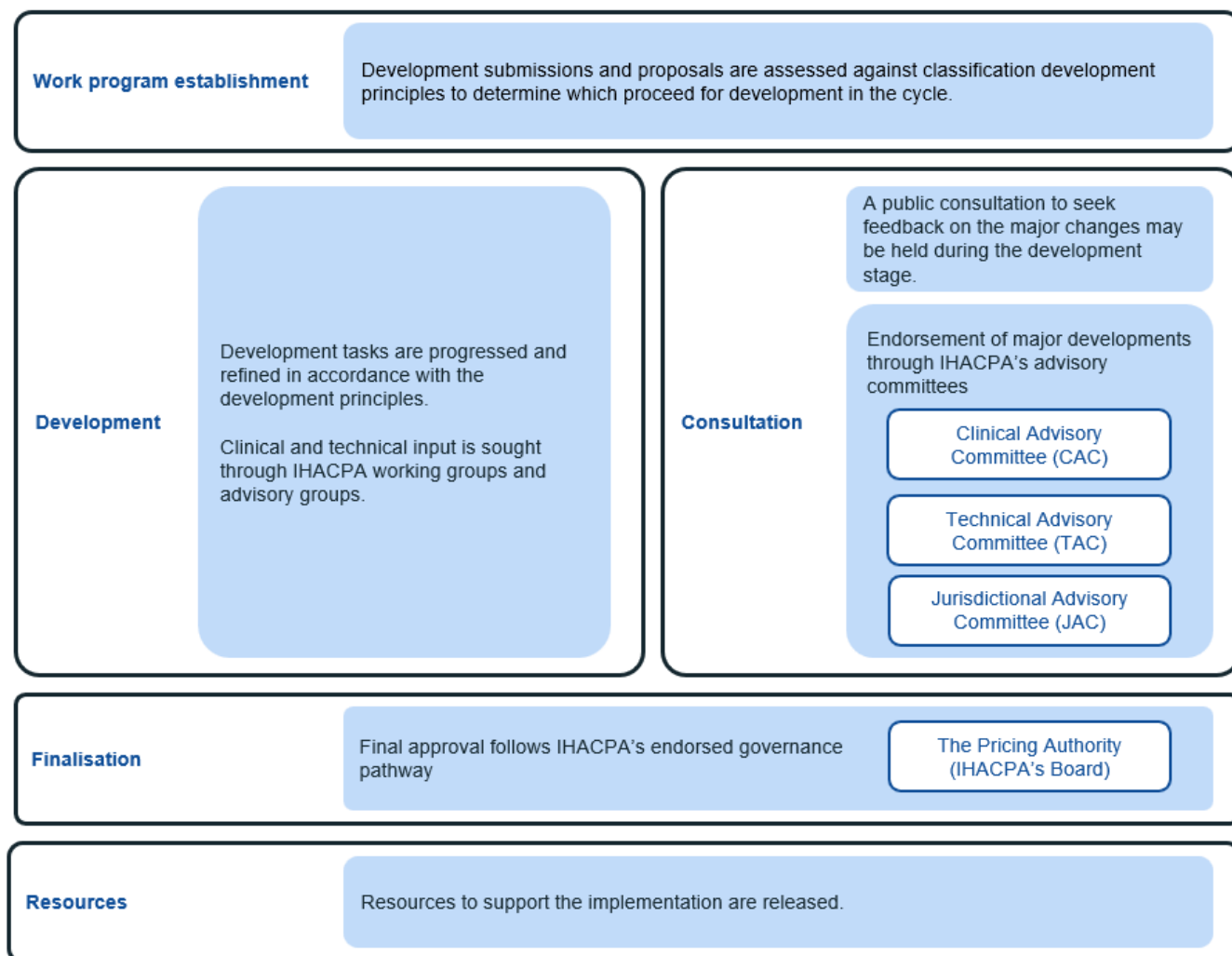
In applying the principles, decisions are also informed by broader system considerations, including:

- availability and quality of underlying data
- alignment with national datasets and collections, and implications for dataset change
- implementation feasibility across jurisdictions
- responsible stewardship of public resources, including efficiency and appropriate expenditure.

4. Development cycle

Classification development occurs over 5 stages as shown in Figure 2. This standardised approach supports consistent decision making, transparency and accountability, and ensures that IHACPA's classifications remain stable, clinically current and fit for purpose.

Figure 2: Development cycle stages



Work program establishment

Development submissions and proposals to update the classifications are assessed against work program establishment principles to determine if they are within scope and their priority.

Classification development

During the development stage, we undertake detailed exploration and analysis of identified tasks. Each task is progressed and refined in line with the relevant healthcare classification development principles. Clinical and technical advice is sought through IHACPA's clinical and technical working groups, with broader clinical consultation undertaken where appropriate. This ensures refinements are accurate, clinically coherent and technically sound.

See the companion volumes for classification specific principles guiding development and for further information about advisory working groups involved in this stage.

Classification consultation and finalisation

Once analysis is complete and potential changes have been identified, and consulted through advisory working groups, we may undertake public consultation to seek feedback on proposed major changes.

Feedback on proposed classification development may also occur through IHACPA's Clinical Advisory Committee (CAC), Technical Advisory Committee (TAC) and Jurisdictional Advisory Committee (JAC). These committees also endorse finalised versions of the classifications before final approval is sought from the Pricing Authority (IHACPA's Board).

Classification resources

The final stage of the development process is focused on the release of the classification and associated resources to support implementation. These resources may include guides, manuals, reports, technical specifications, education materials and groupers.

See companion volumes for classification specific products, education and other resources.



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