



Residential aged care services and sustainability (Pillar 2 of the Royal Commission response) – Independent Hospital and Aged Care Pricing Authority

In response to the Aged Care Royal Commission, the Australian Government will invest a further \$49.1 million to implement an independent process to advise Government on aged care pricing issues, including under the new Australian National Aged Care Classification (AN-ACC) funding model, the new residential respite funding model and home care pricing.

This will be delivered through an expansion of the current Independent Hospital Pricing Authority (IHPA), which will be renamed the Independent Hospital and Aged Care Pricing Authority (IHACPA).

IHACPA will inform Government decisions on annual funding increases in residential aged care, including residential respite, from 1 July 2023. IHACPA activities relating to home care pricing will be established after the commencement of the Support at Home program from 1 July 2023.

Why is this important?

Establishing an independent entity to undertake regular, transparent and independent costing studies will enable aged care funding decisions to take into account independent advice on contemporary cost structures, changes in costs and care delivery models.

The establishment of an independent aged care pricing function will support transparent and evidence-based assessment of the costs involved in delivering care to senior Australians who use aged care.

This measure responds fully or in part to *Recommendation 11 and Recommendation 115* of the Royal Commission's final report.

Who will benefit?

The introduction of an independent pricing authority will promote transparency and confidence in the sustainability of the system in the wider community.

The 240,000 senior Australians accessing residential aged care, 67,000 accessing residential respite care and over one million accessing care in the home each year will benefit from aged care funding levels being informed by an independent analysis of the costs of delivering care.

How much will this cost?

The Australian Government will invest \$49.1 million over 5 years, from 2020–21.