

IHPA Corporate Plan 2020–21



I am pleased to present the Independent Hospital Pricing Authority's Corporate Plan 2020–21 for the reporting periods 2020–21 to 2023–24, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

In 2011, the Commonwealth and all state and territories entered into the National Health Reform Agreement (NHRA). One of the outcomes agreed was that the parties improve patient access to services and public hospital efficiency through the use of activity based funding based on a national efficient price. IHPA's primary role is to determine the national efficient price for public hospital services funded on an activity basis, and the national efficient cost for services that are block funded.

On 29 May 2020 all Australian governments signed the Addendum to the Agreement (NHRA), continuing these arrangements for the period 2020–25.

A stylized, handwritten signature in white ink, appearing to read 'James Downie', set against the green background of the header.

James Downie
Chief Executive Officer, Independent Hospital Pricing Authority
Accountable Authority

Purpose

Who we are

The Independent Hospital Pricing Authority (IHPA) is an independent government agency established by the Commonwealth as part of the *National Health Reform Act 2011* to contribute to significant reforms to improve Australian public hospitals.

A vital component of these reforms is the implementation of national activity based funding (ABF) for Australian public hospital services.

Vision

To design pricing systems that promote safe, efficient public hospital care for all Australians.

Purpose

To determine the national efficient price (NEP) and the national efficient cost (NEC) for public hospital services annually.

What we do

IHPA promotes improved efficiency in, and access to, public hospital services by providing independent advice to the Australian Government and state and territory governments regarding the efficient price of healthcare services, and by developing and implementing robust systems to support ABF for those services.

Classifying an activity undertaken by a hospital and then accurately pricing that activity enables transparent and efficient comparisons to be made between hospitals and jurisdictions. In making such comparisons possible, IHPA plays a lead role in the introduction of a nationally consistent and effective ABF system.

Activity structure

Strategic objectives

- Perform IHPA pricing functions.
- Refine and develop hospital classification systems.

- Refine and improve hospital costing.
- Develop hospital data requirements and collect data.
- Resolve disputes on cost-shifting and cross-border issues.

Enabling activities

- Attracting, developing and retaining a skilled workforce.
- Independent decision making and stakeholder engagement.

Strategy and performance

IHPA's strategic objectives below will ensure delivery of its core activities in 2020–21. This Corporate Plan should be read in conjunction with the [IHPA Work Program 2020–21](#) which provides a detailed description of the work IHPA will undertake to fulfil its objectives in 2020–21.

1. Perform IHPA pricing functions

Strategies

- Develop and refine the pricing models which will ensure the accurate determination of the NEP.

Initiatives for 2020–21

- Continue to develop and refine the pricing models that will ensure accurate NEP and NEC Determinations.
- Completion of the shadow period to assess the impact of funding options to measure avoidable hospital readmissions.
- Continue to expand price harmonisation for similar same-day services delivered in different settings, such as non-admitted and admitted same-day chemotherapy services and renal dialysis.
- Implement the additional requirements of the 2020–25 Addendum to the NHRA.

2. Refine and develop hospital activity classification systems

Strategies

- Seek input from clinicians and ensure acceptance of classification systems by engaging committees including IHPA's Clinical Advisory Committee.

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Initiatives for 2020–21

- Continue the development of Australian Refined Diagnoses Related Group Version 11.0 classification and the refinement of the International Statistical Classification of Diseases and Health Related Problems, 10th Revision, Australian Modification Twelfth Edition.
- Complete the costing study to support the development of the new Australian non-admitted care classification.
- Further refinement of the Australian mental health care classification.
- Refine the Australian emergency care classification.
- Develop classification systems that support innovative models of care.

3. Refine and improve hospital costing

Strategies

- Establish and maintain national costing standards.
- Ensure effective collection and processing of costing information to support ABF outcomes.
- Produce authoritative information of hospital costs.

Initiatives for 2020–21

- Work with states and territories to review the purpose, design and use of costing data in Australia.

4. Develop data requirements and collect hospital data

Strategies

- Develop appropriate data specifications and ensure information provided for decision-making meets those specifications.
- Enhance data submission capability.
- Protect privacy and ensure data security.

Initiatives for 2020–21

- Commence phasing out the collection of aggregate non-admitted data for ABF reporting.
- Work with states and territories to develop the process for the collection of the Individual Healthcare Identifier as part of national data sets, ensuring that there are appropriate protections and safeguards are in place.
- Continue to expand access to public hospital data via the secure, web-based National Benchmarking Portal.

5. Resolve disputes on cost-shifting and cross-border issues

Initiatives for 2020–21

- Review and publish publication of updated Cost-shifting and Cross-border Dispute Resolution Framework.

6. Independent and transparent decision-making and engagement with stakeholders

Initiatives for 2020–21

- Continue to work with stakeholders to explore opportunities for alternative funding models that promote high-quality care, (including investigation of the potential inclusion of patient-reported outcome measures) and support technical, allocative and dynamic efficiency.

Operating environment

IHPA consults extensively with Commonwealth, state and territory governments and other stakeholders. It also has regard to national and international best practice.

Input from stakeholders through its multiple committees and working groups ensures that IHPA's work is informed by expert advice.

Managing risk

The ongoing management of risk is an integral part of IHPA's Corporate Governance Framework, which is underpinned by relevant risk assessment processes.

The risk management framework is continuously updated. It includes a range of internal controls and ongoing assurance programs that are designed to maintain IHPA's flexibility to effectively achieve its objectives while ensuring compliance obligations are satisfied.

IHPA has identified shared risks with the National Health Funding Body (NHFB) and will review these risks with the NHFB bi-annually, or as required, and in conjunction with its review of all its risks.

During the period of this plan, IHPA will monitor and manage the operational and technical risks associated with the COVID-19 pandemic.

Capabilities

IHPA's work program incorporates a substantial amount of technical work which requires significant specialist workforce capability. IHPA's workforce planning strategies will continue to emphasise both core public sector skills and the enhancement of the expert skills IHPA requires to meet its objectives.

IHPA will also continue to strengthen its management and leadership teams by enhancing performance feedback and providing targeted learning and development programs.

IHPA relies on the use of information and communication technology systems to conduct its business. IHPA will continue to apply the most up-to-date measures to effectively use and protect its information (and that of its stakeholders). In doing so, it will prevent data breaches, manage the risk of inadvertent information disclosure, and ensure business continuity.

Strengthening our capabilities

Key areas of focus for 2020–21

- Staff development
 - Continued development of staff through attendance at internal and external training opportunities. IHPA will also continue to monitor staff turnover rates and give genuine consideration to feedback provided via the annual Australian Public Service 'State of the Service' report.
- Flexible working arrangements
 - IHPA supports a flexible work environment and will continue to support all staff in providing working arrangements that suit individual needs.
- Secure data management
 - IHPA will continue to develop the secure data management system to support IHPA's core technical functions, whilst ensuring the current high standards of data security are maintained.