



Tuesday, 3 December 2013

Independent Hospital Pricing Authority releases *Pricing Framework for Australian Public Hospital Services 2014-15*

The Independent Hospital Pricing Authority (IHPA) today released its [*Pricing Framework for Australian Public Hospital Services 2014-15*](#).

The Pricing Framework provides the methodology used to determine the National Efficient Price (NEP) and the National Efficient Cost (NEC) and is put together through extensive consultation with jurisdictions and stakeholders.

The NEP Determination is used to calculate Commonwealth payments for public hospital services that are funded on an activity basis, whilst the NEC Determination covers those services which are block funded, such as small rural hospitals.

Shane Solomon, Chair of the Pricing Authority said this is the third Pricing Framework issued by IHPA.

“This year we have published the Pricing Framework prior to releasing the NEP and NEC Determinations building on the transparency and accountability we have already established at IHPA by making available the key principles, scope and approach adopted to inform the NEP and NEC Determinations,” he said.

“IHPA was pleased to receive submissions from over 40 organisations during its consultation period, including all state and territory governments and the Commonwealth Government.

“All submissions have been carefully considered and where appropriate, incorporated into the Pricing Framework,” said Mr Solomon.

Submissions regarding the *Pricing Framework for Australia Public Hospital Services 2014-15* consultation are available on the [IHPA website](#) (except where submissions have been provided in confidence).

The NEP and NEC Determinations will be published on the [IHPA website](#) in February 2014.

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About the Independent Hospital Pricing Authority (IHPA)

IHPA is an independent Commonwealth agency established under Commonwealth legislation on 15 December 2011 as part of the National Health Reform Agreement (NHRA) reached by the Council of Australian Governments (COAG) in August 2011.

The NHRA sets out the intention of the Australian Government and state and territory governments to work in partnership to improve health outcomes for all Australians.

IHPA is charged with determining the National Efficient Price and the National Efficient Cost for public hospital services, allowing for the national introduction of Activity Based Funding (ABF).

The implementation of ABF will improve transparency, and strengthen incentives for efficiency in the delivery of public hospital services.