



IHACPA

Update to the National Efficient Cost Supplementary Determination 2022–23

June 2023

Update to the National Efficient Cost Supplementary Determination 2022–23– June 2023

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This Determination is made by the Independent Health and Aged Care Pricing Authority (formerly the Independent Hospital Pricing Authority) under subsection 131(1) of the *National Health Reform Act 2011* (Cwlth).

Dated 7 June 2023



Mr David Tune AO PSM
Chair



Professor Michael Pervan
Chief Executive Officer

SEAL OF INDEPENDENT HEALTH AND
AGED CARE PRICING AUTHORITY

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1. Overview

The *Update to the National Efficient Cost Supplementary Determination 2022–23* (this Determination) supplements the *National Efficient Cost Supplementary Determination 2022–23* issued by the Pricing Authority on 30 November 2022 and the *National Efficient Cost Determination 2022–23* issued by the Pricing Authority on 16 March 2022.

This Determination includes additional block-funded services information regarding the efficient cost of these services delivered by public hospitals following the receipt of updated advice from states and territories after the finalisation of state and territory government budgets.

This Determination does not have any implications for IHACPA’s role in providing aged care costing and pricing advice.

2. Block-funded services

Table 1 in this Determination replaces Table 1 on page 15 in Chapter 7 of the *National Efficient Cost Determination 2022–23* issued on 16 March 2022 and Table 1 on page 6 of the *National Efficient Cost Supplementary Determination 2022–23* issued on 30 November 2022.

Table 1. Block-funded services

State / territory	Teaching, training and research	Non-admitted mental health (excl. CAMHS)	Non-admitted CAMHS	Non-admitted home ventilation	A17 List ¹	Other public hospital programs ²
NSW	\$771,845,009	\$628,079,404	N/A	\$22,210,788	N/A	\$3,800,000
Vic	\$375,597,185	\$984,948,055	\$193,738,667	\$11,541,552	\$22,592	\$39,198,000
Qld	\$440,481,828	\$632,948,167	\$201,226,202	\$17,786,826	\$7,987,199	\$7,166,560
SA	\$120,206,548	\$142,827,034	\$36,531,224	\$2,669,090	\$7,313,628	\$19,075,000
WA	\$316,244,943	\$386,348,553	\$82,994,815	\$14,277,619	N/A	N/A
Tas	\$48,948,162	\$64,262,893	\$20,885,846	\$2,861,722	N/A	N/A
NT	\$40,943,000	\$29,401,000	\$3,937,000	\$90,000	N/A	N/A
ACT	\$60,129,325	\$51,281,443	\$11,046,702	\$1,492,097	N/A	N/A

¹ Under Clause A17 of the National Health Reform Agreement, IHACPA has determined a list of services (the 'A17 List') which IHACPA is satisfied were provided by a particular hospital in 2010. These services are eligible for Commonwealth funding at the local hospital network indicated in the list at **Appendix A** of the *National Efficient Price Determination 2022–23*.

² Programs as approved by the Pricing Authority for inclusion on the General List of In-Scope Public Hospital Services for 2022–23, including telehealth video consultations delivered by emergency departments.

2.1 High cost, highly specialised therapies

Clauses C11–C12 of the Addendum to the National Health Reform Agreement 2020–25 outline specific arrangements for new high cost, highly specialised therapies recommended for delivery in public hospitals by the Medical Services Advisory Committee. These arrangements include:

- The Commonwealth will provide a contribution of 50 per cent of the growth in the efficient price or cost (including ancillary services), instead of 45 per cent.
- They will be exempt from the national funding cap for a period of two years from the commencement of service delivery of the new treatment.

In 2022–23, the following high cost, highly specialised therapies are recommended for delivery in public hospitals:

- Kymriah[®] – for the treatment of acute lymphoblastic leukaemia in children and young adults
- Kymriah[®] or Yescarta[®] – for the treatment of diffuse large B-cell lymphoma, primary mediastinal large B-cell lymphoma and transformed follicular lymphoma
- Qarziba[®] – for the treatment of high risk neuroblastoma
- Luxturna[™] – for the treatment of inherited retinal dystrophies
- Tecartus[®] – for the treatment of relapsed or refractory mantle cell lymphoma.

The actual number of patients treated and associated costs are reconciled by the Administrator of the National Health Funding Pool at the end of each financial year.

The indicative costs for the delivery of these high cost, highly specialised therapies have been determined for 2022–23 on the advice of states and territories. These are detailed in **Table 2**. **Table 2** in this Determination replaces Table 2 on page 16 in Chapter 7 of the *National Efficient Cost Determination 2022–23* issued on 16 March 2022.

Table 2. High cost, highly specialised therapies

State / territory	Amounts
NSW	\$19,146,333
Vic	\$65,329,166
Qld	\$24,667,800
SA	N/A
WA	\$8,800,000
Tas	N/A
NT	N/A
ACT	N/A

2.2 Innovative models of care

Clauses A96–A101 of the Addendum require IHACPA to facilitate the exploration and trial of new and innovative approaches to public hospital funding, to improve efficiency and health outcomes. This includes trials of innovative models of care that have been agreed to by the Commonwealth and a state or territory under a bilateral agreement, for which parties can seek interim block funding arrangements for the specified trial period.

For the Update to the Supplementary NEC22 Determination, IHACPA has included block-funding expenditure for the innovative models of care outlined in **Table 3**, as per pending bilateral agreements between the Commonwealth and states and territories.

This section, **2.2 Innovative models of care**, and **Table 3** in this Determination are inserted after section 7.1 High cost, highly specialised therapies (page 16) in Chapter 7 of the *National Efficient Cost Determination 2022–23* issued on 16 March 2022.

Table 3. Innovative models of care under clause A97 of the Addendum

State / territory	Service	Amounts
NSW	Northern Sydney Local Health District Frail Aged Program	\$2,921,500
NSW	RPA Virtual Hospital	\$15,234,000
NSW	Telestroke	\$4,727,000
NSW	Virtual Clinical Care Centre	\$11,300,000
NSW Total		\$34,182,500



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