

**Senate Community Affairs Committee**

**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**

**HEALTH PORTFOLIO**

**Additional Estimates 2015 - 2016, 03 March 2016**

**Ref No:** SQ16-000252

**OUTCOME:** 4 - Acute Care

**Topic:** National Efficient Price

**Type of Question:** Written Question on Notice

**Senator:** Gallagher, Katy

**Question:**

What specifically makes the National Efficient Price a "very good mechanism", as Secretary Bowles stated at Estimates? (Community Affairs, 3 March 2016)

**Answer:**

One of the key features of Activity Based Funding (ABF) has been the independent determination of a National Efficient Price (NEP). The NEP provides a price signal or benchmark about the efficient cost of providing public hospital services. The ongoing use of a NEP for hospital services is an effective way to provide incentives for the states, as public hospital system managers, to improve their productivity and cost effectiveness.