

CHAPTER VI

HEALTH TOURISM DEVELOPMENT –  
SPECIFICS OF CROATIAN  
HEALTH/SPAS/HEALING RESORTS AND  
SPECIAL HOSPITALS – STATE AND  
POSSIBILITIES

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**Abstract**

*The aim of this research is to present and evaluate the level of competitiveness of market-oriented health-tourism services in the health/spa/healing resorts and special hospitals, which is one of the main goals, defined by the national tourism strategy (CTDS). The evaluation is based on the research carried out through the period of three years, using the framework of the Croatian health-tourism benchmarking model. The research results indicate that due to the influence of Croatian Health Insurance Found (CHIF), health/spa/healing resort and special hospital services are not significantly market-oriented. For this purpose and as a support in increasing the ability to assess personal competitive position, the way to improve the information system is suggested. The emphasis should be on establish integrated reporting system, based on the networking among members of health-tourism clusters and other stakeholders at the tourist destination level and beyond.*

*Key words: Health-tourism; Special hospitals, Health/spa/healing resorts; Benchmarking, Croatia*

## **Introduction**

Health-tourism makes an important part of Croatian tourism development. It is highly positioned in the National Health-care Strategy 2012-2020 (CNHCS, 2012), Croatian Tourism Development Strategy up to 2020 (CTDS, 2013) as well as in the National program – Action plan for health-tourism development (APHTD, 2014). Following the global trends and EU regulations (EU Directive, 2011, 2014; EU TAP, 2013; EM, 2016; Health, 2020, 2011; Health Program, 2007, 2014; PBB, 2014; TFH, 2007; TE, 2010; UNWTO, 2011, 2012, 2013 ...), health tourism is in the national strategic document positioned as “the products with a strong development perspective” (CTDS, 2013), with all health-tourism segments e.g. medical tourism, wellness tourism and spa services (Persic, 2012). The emphasis is on insufficiently explored potentials of generally good reputation of health services in health/spa/healing resorts & special hospitals, and of Croatian closeness to large markets, natural beauty, favourable climate, long tradition, safety and security of the country, competitive price etc. The aforementioned creates the actual basis for better involvement of Croatian health-tourism services on the tourism market, whose annual growth rate is 15 - 25% (CTDS, 2013; GSS, 2010; GOH, 2014; GSWS, 2012, 2015; GWTE, 2013, 2015; Woodman, 2016). For this purpose, it is necessary to provide specific information prepared in accordance with the international accounting standards (IFRS 8, 2009; IPSAS 18, 2014; USALI, 2014; USAR, 2012; USFRS, 2005) which are used as starting points for external comparison of the internally achieved results. They also enable benchmarking process in order to assess competitiveness of certain types of health-tourism services / institutions at the local, national and global level. However, the benchmarking improvement by introducing integrated reporting system should also be considered.

## **Literature review**

Relevant terms in the health tourism structure (e.g. medical and wellness tourism as well as spa services) in the framework of global tourism development trends and best practice experiences will be explained and viewed. Also, the possibilities and challenges of modern tools and concepts, relevant for assessing the market competitiveness of health-tourism institutions will be presented.

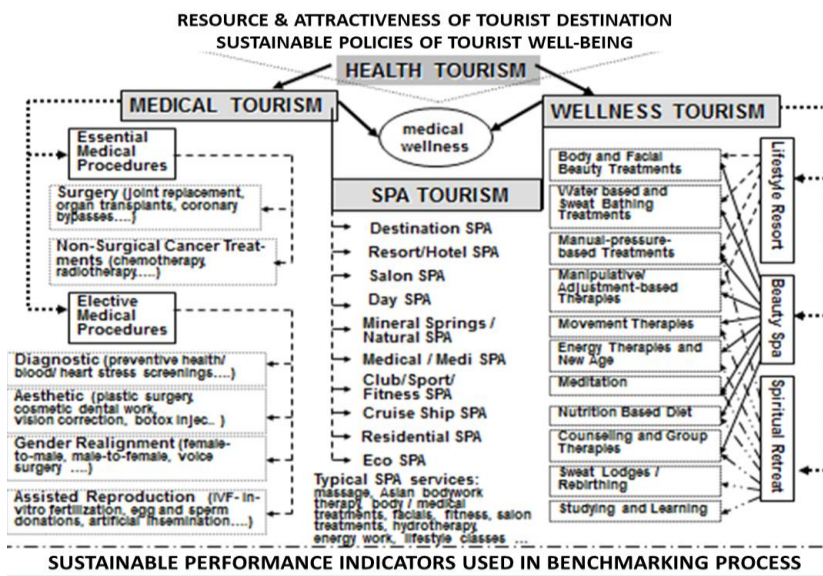
## Health tourism terms and their interrelation

There is no single definition of the term *health tourism*. It is used as a substitute for medical tourism, or as synonym of the wellness tourism, or both, or as a subtype for medical / wellness tourism (Johnston at al., 2011, iv). Health tourism is recognized by UNWTO as an umbrella term, and defined as “tourism associated with travel to health spas or resort destinations where the primary purpose is to improve the travellers’ physical well-being through a regiment of physical exercise and therapy, dietary control, and medical services relevant to health maintenance” (Gee and Fayos-Sola, 1977, 381). Travelling for health reasons has long been attributed to attracting visitors to thermal springs and coastal locations, but it very soon became „a commercial phenomenon of industrial society, which involves a person travelling overnight away from the normal home environment, for the express benefit of maintaining or improving health, and the supply and promotion of facilities and destinations which seek to provide such benefits” (Hall, 2003, 274).

Keywords to consider when defining “health tourism” are “health” and “tourism”, i.e. “health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity” (WHO cit. in GSS, 2010, ii), and “tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” (UNWTO, 2012). In contemporary conditions, tourism development should be based on the use of sustainable development principles, which means that sustainable tourism “takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities” (UNWTO, 2012).

The greatest focus of the literature is on the particular segments of health tourism and less attention is given to perceiving the health tourism concept as a whole. Furthermore, literature dealing with “health tourism” or “healthcare tourism” (Albaner and Grozea-Helmenstein, 2002; Keck, 2010; Smith and Puczko, 2009; Reisman, 2010; Rulle, 2008) is more focused on the individual concepts within some parts of health tourism content (medical tourism, wellness tourism, spas...), instead of health tourism as a system. The essential difference is that medical tourists travel because they want to treat/cure medical conditions, while wellness tourists travel because they want to maintain or improve their health (Voight at al., 2010, 69). Different dimensions of medical tourism are clearly not mutually exclusive, and are often intertwined with some wellness as well as spa services.

In contrast to medical tourism whose development is more recent, wellness is only a modern word on the concept based on the experiences of ancient civilizations (Greece, Rome, China, India...) and its formal roots stem from several intellectual, religious and medical movements in the USA and Europe in the 19th century. Modern approach to wellness include holistic approach to health (prevention of sickness), focused on establishing harmony of physical, mental, spiritual and social dimensions of life, on well-being and on building responsibility for one's own health. Wellness changes over the time and along a continuum, it is individual, multidimensional, holistic and influenced by the environment (GSS, 2010: 3-7). The ageing population and an increasing concern for health are likely to cause a growth in demand for health tourism products and spa services (ETC, 2006, 3). The mission of the spa services is to combine / integrate different possibilities and advantage of medical and wellness tourism (Jonston at al. 2011, i). The interaction among medical, wellness and spa tourism services is presented in the figure 1.



**Figure 1: Interaction among health-tourism services**

Source: Prepared by the authors, based on: Gee, 2010, 5-65,212-218, 570-572; Johnston et al., 2008, 34; Johnson and Redman, 2008; Smith and Puczko, 2009, 83-104; Tabacchi, 2010; USFRS, 2005, 117-127; Voigt et al., 2010, 6-37.

Medical tourism is the practice of travelling outside of one's home country / destination to receive quality healthcare at affordable prices, and "can be defined as travel to destination to undergo medical treatments such

as surgery or other specialist interventions” (Smith and Puczko, 2009, 101). It is also an important option for patient populations who need care but lack adequate out-of-pocket funds to afford a procedure in their own country / destination, or those who seek lower prices in order to save money, and is important that medical patients travel great distances to receive “medical” care (Gee, 2010, 572). The most common reasons for traveling include the following services: cosmetic surgery, dental procedures, medical procedures, alternative medicine at al. (DMT, 2011, 1-3).

The broader definition of medical tourism which states that “the sum of all the relationships and phenomena resulting from a journey by people whose primary motive is to treat or cure a medical condition by taking advantage of medical intervention services away from their usual place of residence while typically combining this journey with a vacation or tourism elements in the conventional sense” (Voigt et al., 2010: 36) is generally more accepted, than the definition of medical tourism that does not include “public health services”, which tourists generally use during their stay in the tourist destination. Depending on the place where patients as tourists go for different types of medical care, there are (Deloitte, 2008, 6 and 2009, 3):

- the outbound medical tourism (domestic patients travelling to other countries),
- the inbound medical tourism (foreign patients travelling to the domestic country),
- the intrabound medical tourism (only domestically traveling patients).

The majority of tourists (88%) would consider going out of their community or local areas to get care / treatment for a condition if the outcomes were better and the costs were not higher. Market drivers for medical tourism are: cost savings, comparable or better quality care, shorter waiting periods, thus quicker access to care (Deloitte, 2008, 5-6). Medical tourism is usually curative in focus, with the aim of consuming the health services internationally for one of the following reasons: (1) economic-cost dimension, (2) time-cost dimension, (3) commercial behavioural dimension, (4) non-commercial behavioural dimension, (5) linkage between regulation (Hill, 2011, 5-6). The most popular medical tourism destinations which provide quality medical care at attractive prices are: Argentina, Brazil, Costa Rica, India, Hungary, Malaysia, Mexico, Panama, Philippines, South Africa, Thailand, Singapore (DMT, 2011, 4).

Unlike medical tourism which is oriented towards treatment, wellness is “an active process through which people become aware of, and make choices towards a more successful existence”, which indicates that wellness is basically “what we feel” and “what we do” in the emotional, environmental, financial, intellectual, mental, medical, occupational,

physical, social and spiritual sub-dimension (NWI, 2012). Wellness tourism is defined as “the sum of all relationships resulting from a journey by people whose primary motive is to maintain or promote their health and well-being and who stay at least one night at a facility that is specifically designed to enable and enhance people’s physical, psychological, spiritual and / or social well-being” (Voigt et al., 2010, 9). In the wellness tourism practice, three different types of activities grouped in beauty/spa, lifestyle resort or spiritual retreat visitation could be distinguished (Voigt et al., 2010, 9-11). Also, preventive medical treatments as hydrotherapy and other water-based programs are very important, with special emphasis on the healthy lifestyle behavioural modification of improvements (Tabacchi, 2010, 114).

In Western and Eastern Europe, the focus has traditionally been on physical and medical wellness. Therefore, there is a growing number of wellness hotels (especially in Austria and Germany), supported by wide range of facilities, including thermal waters, fitness, nutritional programmes, massage and beauty treatments (Albaner and Grozea-Helmenstein, 2002, 34-36; Rulle, 2008, 27-31). The pursuit of physical wellness goes back to Roman and Greek times with the construction of baths dedicated to the cleansing and purification of the body combined with arduous fitness regimes and distinctive spiritual dimension. Only holistic retreat centres consciously attempt to provide visitors with the whole spectrum of wellness activities, implying that all dimensions of wellness could be included in the product. As programmes or products mainly for the health of the mind, psychology and emotions are a relatively new phenomenon, they are not sufficiently developed in Western civilisations (Smith and Putczko, 2009, 234-235).

Medical and wellness tourism should be in different ways supported by the spa services. Originally, the term spa means something quite different in the USA than in Europe. In Europe spa is connected with water-based treatments, because the majority are based on mineral- and hot-springs-baths, as well as healing mud baths, which include half portion of all spas in Europe (Rulle, 2008, 25). Within Europe, the most traditional health spas are still based on the treatment prescribed by a doctor, and paid for either by the state or by private medical insurance (Keck, 2010, 7-11). In the USA, spas are not intended for patient recovery, but they are primarily targeted at healthy people, who want to improve their health, to work out, seek relaxation and/or beauty treatments, and they have to cover the costs of all spa services themselves (Gee, 2010, 48-57).

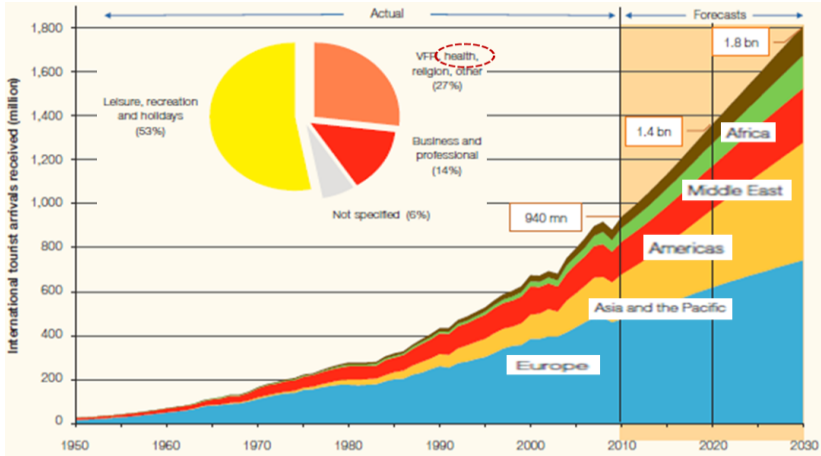
The word “spa” basically means “health through water” (GSS, 2008: 8; Gee, 2010: 38-43) and is defined as “a business based on water-based treatments practiced by qualified personnel in a professional, relaxing and

healing environment” (Garow, 2009, 4). However, International SPA Association - ISPA defines spas as “the places developed to enhance overall well-being through a variety of professional services that encourage the renewal of mind, body and spirit” (Johnson & Redman, 2008: 12). Today, the USA approach which puts the focus on the beauty procedures, fitness, organic healthy cuisine etc. dominates. Within this framework, the following spa-categories: day spa, sport and fitness club, salon spa, hotel spa, resort spa, destination spa, health resort, medical spa, mineral spa, hot springs, natural spa, eco spa, historically-based spa, culturally-based spa, and other specific types of spa services could be globally recognised (Gee, 2010, 570-572; GSS, 2008, 10/11; Johnson & Redman, 2008, 14-17).

## **Global tourism trends and health tourism best practice experience**

The possibility of further development and stronger market orientation of special hospitals and health/spa/healing resorts should be considered in the context of the health tourism position, as well as global tourism trends, viewed through the specifics of medical, wellness and spa tourism framework development. Health-tourism follows the framework of global trends in tourism development, which records increase for more than 4% in international arrivals since 2010, and positive trends are still expected (UNWTO, 2016).

The figure 2 shows that more than half of the trips in tourism are motivated with the “leisure, recreation and holidays” (53%), and health tourism together with visiting friends and relatives (VFR), religious reasons and pilgrimage is sharing the second place (27%). In addition to the global tourism trends, the specific of the health tourism development, need to be considered. For the health/spa/healing resorts and special hospitals, the global framework of medical tourism development is of great importance. Namely, medical tourism as very important part of health tourism development has long been recorded sustainable annual growth of 35% (Deloitte, 2008, 5-6), with the forecast of 25% growth rate in the next 10 years, as well as the fact that 3-4% of the world's population will travel internationally for healthcare and health-related treatments (MTT, 2016).



**Figure 2: Global tourism growth by 2030**

*Source: Prepared by the authors, based on UNWTO, 2016, 5 and 14*

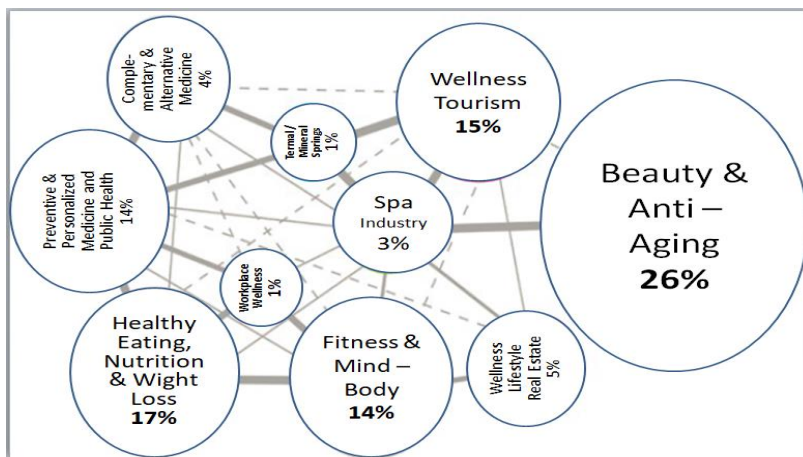
For the medical tourism services success and efficacy on the tourism market, it is also important that they are accompanied by the appropriate wellness/spa services. Integrating medical with the wellness/spa services is very important for special hospitals and health/spa/healing resorts, because they create a part which could carry higher added value, in the pursuit of stronger market orientation. Global trends in health tourism services and the economic effects that can be expected in specific business conditions in a particular special hospital and health/spa/healing resort are very important in establishing the structure of health-tourism services, taking into account the conditions of tourism destination environment in which they operate. As presented in figure 3, the global wellness/spa market economy where special emphasis is placed on the beauty and anti-aging programme could be followed.

In defining best structure of health-tourism services relevant research results should be followed, i.e. the existing medical services in health/spa/healing resorts and special hospitals should be upgraded with the profitable services that are adding value to the product and market oriented services that would enhance recognition of the market destination.

Mostly required services at the global level are: sauna (87%), massage (72%), outdoor pool (68%), beauty treatment (52%), steam bath (49%), gym/fitness, indoor pool and jacuzzi (48%), solarium (39%), whirlpool (32%), manicure (25%), hydro-massage (23%), pedicure and aquarobics (21%), hairdresser (13%), thalassotherapy (5%), yoga (4%), aromatic



vapour pool and salt pool (3%), and at the end (1%) shiatsu, steam pool and sunbed services (Brooker, Joppe, 2013).



**Figure 3: Global trends and economic effects of the health-tourism services**

*Source: Prepared by the authors, based on GWEM, 2017, 3*

In preparing “service packages” on the tourism destination level, where special hospitals or health/spa/healing resorts are important part of overall tourist product, the connection among primary and other supporting services would be very useful. For example, it would be useful to include sports and leisure “healthy” activities on the tourist destination level as hiking (70%), bird watching and photography (24%), fishing (18%), trail running (17%), kayaking (14%), mountain biking and canoeing (11%), road biking (9%), yard games, running, jogging (8%), climbing (7%), boating (6%), triathlon, rafting (5%), wakeboarding, hunting (3%) and others (CR, 2014), especially for the destinations that would be positioned on the tourism market as the health – eco – tourist destinations.

“Positioning Croatia as recognized health-tourism destination” is the main goal defined by the Croatian Tourism Development Strategy up to 2020 (CTDS, 2013, 39) and elaborated in details through the provisions of Action plan for health tourism development (APHTD, 2014). The tasks that need to be achieved by the 2020 are: improvement of legal / institutional framework, continuous improvement of overall health-tourism product, improving quality through accreditation and international certification of health-care institutions, improvement of knowledge, skills and competences of human resources, managing marketing and promotional activities on the national level *and increasing the competitiveness of all segments of health-tourism services on the global tourism market* (APHTD, 2014). Building

the specific information system relevant for evaluating the competitive position of health-tourism institutions as a support of short- and long-term decision making is necessary.

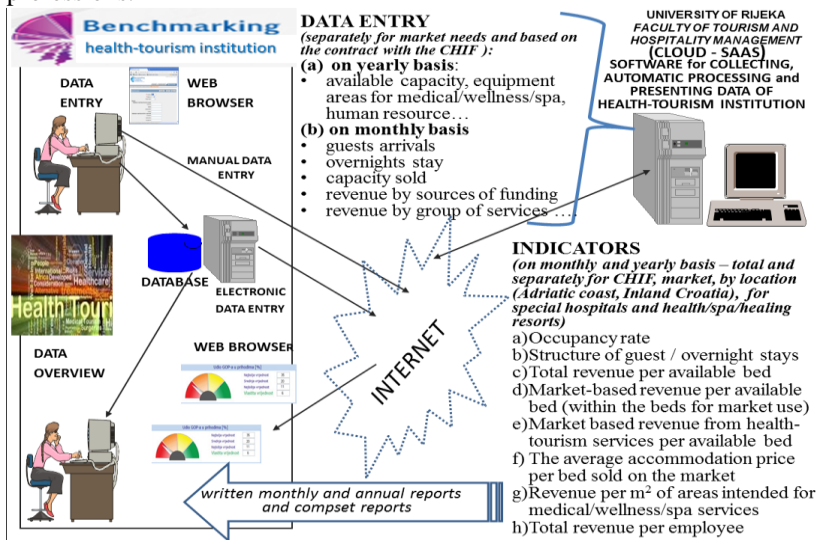
## **Data, methods and research findings**

The purpose of this research is to evaluate the achieved level of the services structure, and to seek an answer to the research question: *“How to provide information, which can help managers to ensure increasing the competitive position of market-oriented health-tourism services in the health/spa/healing resorts and special hospitals”*. In order to assess the achieved level of health tourism development in Croatia, the research on the sample of 75% of health/spa/healing resorts and 90% of special hospitals was conducted. The data related to the period from 2014 to 2016 were collected according to the methodological framework of the health-tourism benchmarking project (Benchmarking, 2015, 2016, 2017). The health-tourism benchmarking project was established in 2014 at the Faculty of Tourism and Hospitality Management, University of Rijeka and has been supported by the CCE - Croatian Chamber of Economy (Health-tourism Association) and Croatian National Tourist Board (CNTB, 2017; HTA-CCE, 2017). The research results are also used as important source for assigning the highest annual Croatian tourism award – “Tourism Flower – Croatian Quality Award” (TFCQA, 2016).

The benchmarking methodology is based on the intake of the business data, collected through manual or electronic data entry on monthly / yearly basis (input). Data processing is based on using specialized software which allows online access to the data for each institution included in the benchmarking process that is password protected. In addition to its written reports on monthly/yearly level, the compset reports for each institution are also available. As presented in Figure 4, for the analysis of the results, all relevant elements included in the Croatian system of health-tourism benchmarking will be taken into account.

Based on the analysis of the existing data for the period 2014-2016, the occupancy rate is on average 62%, and is mostly achieved through providing services based on Croatian Health Insurance Found (CHIF) contracts (85%), and significantly less through market oriented services (47%). Foreign guests participate in the structure of all guests/overnight stays on average with only 8%, or 22% in the institutions located on the Adriatic coast. Apart from the capacity intended for accommodation, food & beverage, space areas which are exclusively oriented for providing health-tourism services are of great importance: 72% of them are focused

on providing medical services, 20% on wellness/spa services and 8% for different activities in the swimming pools. Net capacity for providing specific health-tourism services is on average 40 m<sup>2</sup> per accommodation unit (available bed). Relevant health-tourism services are provided by 6% of doctors and 2% of specialists for specific wellness/spa services and are supported by 44% of other medical staff and 48% of employees from other professions.

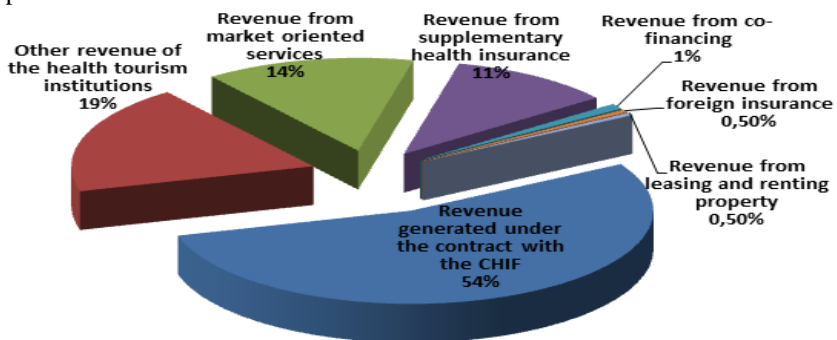


**Figure 4: Input and output elements in the Croatian system of health-tourism benchmarking**

Source: Prepared by the authors, based on Croatian health-tourism benchmarking model

In medical tourism, different diagnostic procedures are mostly present (40%), and specialist examinations (31%), daily treatment and rehabilitation (16%), as well as the hospital treatment day (13%) follow. Wellness/spa services are somewhat less present, in comparison to the presence of medical-tourism services on the market. The highest percentage is achieved in the simple activities of sports and recreation which is based on using the swimming pools (83,6%), followed by services connected with using sauna (6,6%), massage (5,3%), beauty (3%) or fitness programs (0,9%). Membership cards are represented with only 0,3%. Unfortunately, those kinds of services which could be of significant value added are not much present e.g. dermatological/cosmetology programs (0,2%), as well as diet, healthy eating and nutrition programs (0,1). Figure 5 presents the current situation of total revenue structure in the Croatian health-tourism

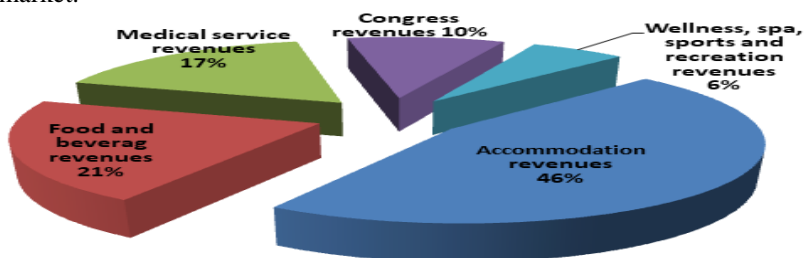
practice, based on the source of funding, as well as the type of services, provided to different health-tourism users.



**Figure 5: Average revenue structure (based on the source of funding) in Croatian special hospitals and health/spa/healing resorts**

*Source: Prepared by the authors based on the research results*

The majority of the total revenues belongs to the revenues generated under the CHIF contracts (54%), which are followed by the national supplementary health insurance (11%), foreign insurance (0,5%) or co-financing (1%). It can be noticed that revenues from market-oriented services are significantly lower (14%) and should be systematically increased, because they reflect the actual orientation of the health-tourism market.

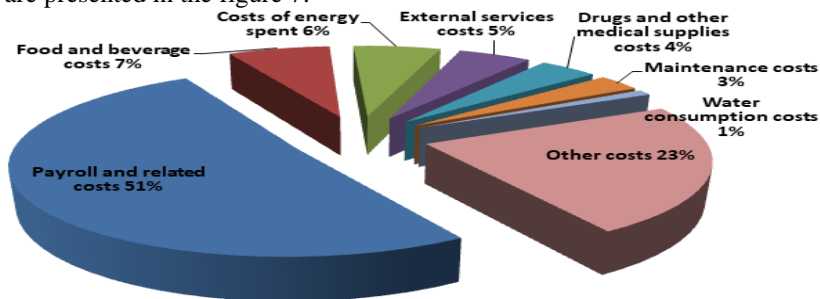


**Figure 6: Average business / operating revenue structure in Croatian special hospitals and health/spa/healing resorts**

*Source: Prepared by the authors based on the research results*

For a stronger market orientation only products and services acceptable by users on the particular market segments are needed. This can be achieved by detailed analysis of existing business / operating revenues and revenue structure observed in the light of health-tourism trends and best practice. Figure 6 shows the average business / operating revenue structure present in the Croatian special hospitals and health/spa/healing resorts. The majority of revenues is achieved from accommodation (46%), food and beverage

services (22%), while the revenues from medical (17%), wellness, spa, sports and recreation services (6%) are significantly lower. For providing minimum cost-information, additional examination among the health-tourism institution, involved in the health-tourism benchmarking project was conducted. However, due to the lack of segment level data, only the information on the total-costs level was collected. The results of those costs are presented in the figure 7.



**Figure 7: Average cost structure in Croatian health/spa/healing resorts and special hospitals**

*Source: Prepared by the authors based on research results*

In the figure 7 payroll and related costs dominate (51%), while the costs of specific material for wellness/spa services are negligible. According to the opinions of responsible management in the health-tourism institution, 22% of the costs are covered by market oriented revenues, while most of the costs/expenses are covered by CHIF, which specifically refers to payroll and related employee expenses. Unfortunately, within the framework of this project, the health-tourism institutions were not prepared to enter any data on costs (neither total costs by types, nor costs relevant for the group of services on the segment level), which would enable to see if the costs are covered by revenue on the segment-level. Because relevant data are missing, it is not possible to assess the segment profitability or group of services competitiveness. The table 1 presents the results based on KPIs used for the benchmarking.

Lack of segment-related information prevent benchmarking on segment level, but the indicators used in the framework of Croatian health-tourism benchmarking project enable evaluation of the market-position of special hospitals and health/spa/healing resorts only within the framework of available market price and earnings, as presented in the table 1. Presented information make good basis for revenue management and competitiveness assessment, but only for health/spa/healing resorts and special hospitals involved in the Croatian health-tourism benchmarking process.

**Table 1: Average results achieved in the health/spa/healing resorts and special hospitals based on the indicators used in the Croatian health-tourism benchmarking project for 2014-2016**

Indicators	Special hospitals included in the sample	Health/spa/healing resorts included in the sample	Special hospitals and health/spa/healing resorts located on the Adriatic coast	Special hospitals and health/spa/healing resorts located in the Inland Croatia
Total revenue per available bed	€52	€ 26	€ 34	€ 57
Market-based revenue per available bed (within the beds for market use)	€30	€ 15	€ 20	€ 32
Market-based revenue from health-tourism services per available bed	€ 8	€ 3	€ 5	€ 9
The average accommodation price per bed sold on the market	€12	€ 10	€ 13	€ 11
Revenue per m <sup>2</sup> intended for medical / wellness / spa services	€137	€ 33	€ 55	€ 168
Total revenue per employee	€ 2374	€ 2223	€ 2418	€ 2254

*Source: Prepared by the authors based on the Hotel Benchmarking, 2014, 2015, 2016.*

The presented system needs to be upgraded in order to make systematically available internal results by segments and those that arise from the relationship with the stakeholders, which is important prerequisite for long term decision making.

## **Discussion and suggestions**

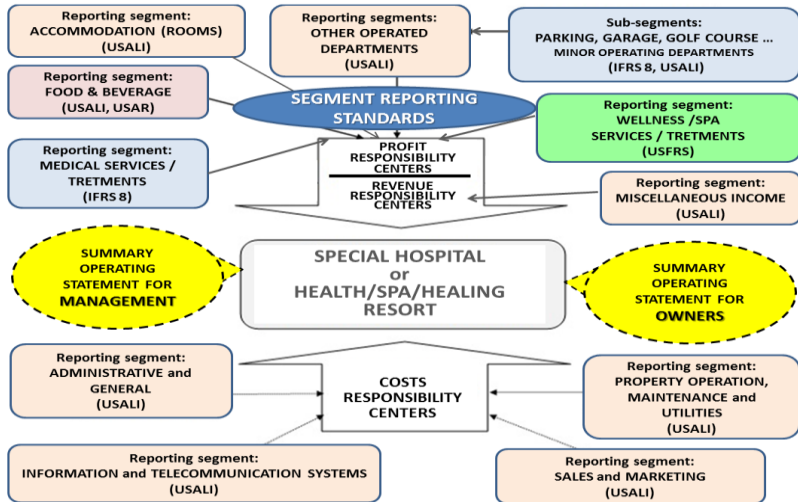
The authors are aware of the limitations in using presented data for long term decision making, as well as for continuous assessment of the achieved level of competitiveness. Therefore, it is required to upgrade the existing accounting, reporting and benchmarking system, in order to provide higher level of information. The emphasis is on achieving the main goals which arise from the national tourism strategy, and are elaborated in the APHTD, connected with *increasing the competitiveness of all segments of health-tourism services on the global tourism market* (APHTD, 2014, 33-35). In order to achieve those goals, it is necessary to build relevant accounting tools that will be used to provide information for short- and long-term

decision making. They would improve the competitive position of health/spa/healing resorts or special hospitals, following global trends, best practice experience, contemporary market demand expectations, and the specifics of health-tourism institutions and possibilities of tourist destination in which they operate.

In order to increase the competitiveness on the global, it is necessary build measurement system relevant for evaluating the competitive position from short- (monthly) and long-term level. Meeting the information requirements for short-term decision-making is possible when using the globally accepted segment reporting standards (IFRS 8, 2009; IPSAS 18, 2014; USALI, 2014; USFRS 2005, or USAR, 2012), in the way that managerial accounting and reporting system (Schmidgall, 2016, 101-124) based on the specifics of health-tourism institutions' business and information management requirements should be adapted. Segment reporting model will depend on the types of activities, services or processes and needs for external comparison of internally achieved results through accepted benchmarking framework. While at the global level specific standards for health/spa/healing resorts and special hospitals do not exist, best practice on using already mentioned specific standards, prepared in accordance to the specific of different industries could be applied, primarily:

- Globally achieved results based on using USFRS standards, which are designed for the specific needs of spa-services benchmarking (USFRS, 2005), wherein The International Spa Association (ISPA, 2015) has played a significant role. STR (Smith Travel Research) recognised USFRS standards as the basis for global spa-industry performance benchmarking, taking into account relevant KPIs for treatment, salon services and retail (SpaSTAR, 2011);
- Positive experiences from specific segment reporting USALI standards (USALI, 2014), widely applied in the Croatian hotel industry (Peršić, Poldrugovac, 2009; Peruško Stipičić, 2010; Peršić, Janković, Poldrugovac, 2012; Janković, Peršić, 2015), especially taking into account KPIs for accommodation, food & beverage (also USAR, 2012) and other relevant tourism services.
- Framework of globally accepted accounting standards, prepared for the specific needs of profit (IFRS 8) and public sector (IPSAS 18), that could be used for preparing different type of reports for medical and other services, which are not covered by specific standards.

Following these guidelines, it is possible to create segment-reporting model (figure 8) for health/spas/healing resorts and special hospitals which would enable successful benchmarking, especially at the global level.



**Figure 8: Segment-reporting model for health/spas/healing resorts and special hospitals**

*Source: Prepared by the authors based on the provisions of reporting standards*

The above presented segment-reporting model has to be supported by the IT as well as by relevant accounting tools, methods and techniques, as the assumption for budgeting, segment reporting on the monthly level, as well as the input in the strategic management process (Thompson, Strickland, 2001). This kind of information would become relevant input for the national and global benchmarking system, and by linking it with the information from outside, could make a considerable input in strategic accounting (Hoque, 2006; Jones at al. 2012). As it has been noted, financial information included in the segment reporting system is too narrow, and it has to be upgraded in order to accept the influence of natural environment, local community and stakeholder groups (PWC, 2015, IIRC, 2013, EY, 2014, Eccles & Spiesshofer, 2015, GRI, 2016), which is very important for strategic decision making and is in accordance with the new EU regulations (EUDNFI, 2014).

This will lead to the establishment of integrated reporting system, which is the latest form of reporting, defined by the *International Integrated Reporting Council* (IIRC, 2013), and harmonised with the GRI standards (GRI, 2016), where special role is played by health-tourism clusters and national associations. The *National health-tourism association (NHTA)*, could provide advisory bodies for assistance in activities that are significant for all members in the process of accreditation, certification, reporting





environment and specifics of all types of capital, on the input and output side, involved in the process of creating value over time should be taken into account. The outputs lead to outcomes that directly affect the services quality and also create other impacts, which should be taken into account. The presented model can be accepted as a framework that provides information, relevant for assessing the competitive position of a particular health/spas/healing resort or special hospital in long-term decision making.

## **Conclusions**

The presented research is based on the starting point that increasing the competitiveness of health-tourism services is one of the most important goals defined by the strategic documents of the Republic of Croatia (CTDS, APHTD). The results obtained using the benchmarking method on the relevant sample indicate that the development level of health/ spas/ healing resorts and special hospitals is currently not satisfactory. In order to achieve better market position of health-tourism services, it is (inter alia) necessary to provide higher level of information for managers, relevant for short- and long-term decision making. For this purpose, based on the current state analysis, the framework for accounting and segment reporting model, as a basis for upgrading existing health-tourism benchmarking, which fully included the specifics of health/spas/healing resort and special hospital business, as a basis for short-term decision making has been defined. In the same way the integrated reporting system model for strategic management that should be adopted to the specifics of a particular business model, environmental impact, stakeholders and destination in assessing long-term value added was presented. The recognizable contribution of this paper to the science and practice is in the presented tailor made methodological reporting framework, relevant for assessing the competitive position of health/spas/healing resorts and special hospitals on the health-tourism market for short and long term decision making.

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