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Health Tourism in the Republic of Croatia: State of Play and Opportunities for Improvement

Ivana Petričko

University of Split, University Department of Professional Studies, Split, Croatia
ipetricko@oss.unist.hr

Goran Ćorluka

University of Split, University Department of Professional Studies, Split, Croatia
gcorluka@oss.unist.hr

Abstract. Health tourism is a special type of tourism and is considered the fastest growing form of tourism globally with growth rates of up to 20 percent annually. Since tourism presents the largest share of Croatia's GDP, it is important to adapt to the trends in the demanding tourism market, as Croatia's competitiveness and its overall development depend on it. For this reason, it is necessary to develop new and existing tourism products and services, thus enhancing Croatia's competitiveness. Health tourism is aimed at increasing the quality of life and improving the health status of guests who visit certain destinations due to the specificity of climate, environmental, nutritional and social factors. Although Croatia has all the prerequisites for the development of health tourism, such as the abundance of resources of coastal, island, lowland and mountainous, price competitiveness, a long tradition of health resorts, quality medical staff, tourist attractions of the destination, proximity to major eminent markets and good road connectivity, the development of this type of tourism is not significant. The analysis will explore the opportunities and perspective for the health tourism development in the Republic of Croatia, taking into account available resources using different sources of funding. Taking into account that health tourism is a growing industry in the European Union, examples of good practice from selected Member States will also be presented.

Key words: *health tourism, source of funding, wellness tourism, medical tourism*

1. Introduction

Health tourism is a complex tourism product that presents a large number of specialized travel facilities and services motivated by the need to promote health and improve quality of life. The Tourism Development Strategy of the Republic of Croatia until 2020, as well as the National Health Development Strategy of Croatia 2012-2020, but also European Commission documents recognize three forms of health tourism: wellness, treatment center and medical tourism. Croatia has 222 sites with favorable potential conditions for the development of health tourism, of which only 10% are in exploitation within 18 organized health centers.

Spa tourism in Croatia is the oldest and still very significant segment of health tourism. The spa centers are almost all located in the Continental Croatia and represent a respectable tourist offer and a great resource potential for the development of continental tourism. Good examples of such developments can be seen in some neighboring countries whose standards have generally not yet been reached by Croatia. Croatia has a respectable tradition of thalassotherapy centers on the Adriatic coast and wellness centers have been developing competitively in the regional environment over the past ten years. In addition, in recent years the number of specialized private healthcare institutions has been increasing, which forms the basis for the development of medical tourism. Health tourism is also recognized as one of the key tourism drivers in the Croatian Tourism Development Strategy until 2020, and one of the measures of the National Program - Health Tourism Development Action Plan.

Although health tourism is recognized as a significant development potential in the Tourism Development Strategy 2020, 'Sun and Sea' is still a dominant tourism product in Croatia, and also the main cause of the pronounced seasonality of Croatian tourism (according to the Croatian Bureau of Statistics in 2019, occupancy rates of permanent beds ranged between 75% and 98% in the summer months, while the other months presents a large decline shown in the table 3). Nowadays, the sun and the sea are not enough motives to meet the new demands of the customers and increase the competitiveness of Croatian tourism, so it needs to be combined with other tourism products.

According to the results of the Travel and Tourism Competitiveness Report 2019, Croatia is ranked 27th in the world, therefore Croatia improved its ranking by five places compared to last year's results. There is a noticeable lag in comparison to other tourist developed countries of the Mediterranean, such as France, Spain and Italy.

Given the trend of population aging, but also the growing orientation towards 'healthy living' and health prevention, it is expected that health tourism will be one of the main motives for travel in the future. In this sense, specific success factors for health tourism products relate to the quality of specialized health centers / institutions, the quality of the accompanying tourist offer and the development of the overall destination. Current data from the European Commission's 2019 survey indicate that there were 19% of the population over the age of 65 in Europe in 2015, and their share is projected to increase to 32% in 2060, or about 1/3 of the population. Furthermore, the development of a well-being society with a growing middle class that has sufficient income and free time for health-motivated travel is another reason for the potential expansion of health tourism.

According to aforementioned, the research problem is focused on the underdeveloped health tourism sector in the Republic of Croatia and a significant lag behind the surrounding countries.

The goal of this research therefore is to define the state of play of health tourism in Croatia. The analysis will show the possibilities of development of health tourism in the Republic of Croatia using available sources of financing from EU funds. Furthermore, the development of health tourism in the European Union will be explored and good practices will be presented. This is followed by a description of the current situation, synthesis of information, recommendations of the necessary development guidelines and conclusion remarks.

2. Literature review

Health tourism is a combination of medical and tourism services. It is a combination of health treatments, hotel and other services in a tourist destination. The concept of medical tourism has evolved a step further than the classic concept of health tourism, spas and SPA centers, whose roots extend far into the past. The term "medical tourism" represents a wide range of sophisticated and high quality medical services (Favis-Villafuerte, 2009).

According to the calculations based on research by the European Commission, the total size of the European market for health tourism is equal to 56 million domestic arrivals and 5.1 million international arrivals (from all over the world), for a total of 61.1 million arrivals. The total market of health tourism makes up for 4.3 per cent of all the EU arrivals, 5.8 per cent of the domestic ones and 1,1 per cent of international arrivals (European Commission, 2018). Similar estimates are based on Deloitte's report on medical tourism, quantifying the number of people traveling abroad for healthcare between 30 and 50 million each year (Keckley and Underwood, 2008). It has been growing at 12-15 percent annually, according to research from PwC. At the EU level, the turnover generated by health tourism is around 2 billion Euro, and could further grow (Directive 2011/24/EU of the European Parliament and of the Council, 2011). Health-tourism revenues total approximately €47 billion, which represents 4.6% of all tourism revenues and 0.33% of the EU28 GDP.

At the global level, health tourism is an industry with an annual growth of 3.9 per cent annually and worth 513 billion dollars (Carrera and Bridges, 2006).

According to the latest Global Wellness Tourism Economy (2018), wellness tourism grew from a \$563 billion market in 2015 to \$639 billion in 2017, or 6.5% annually, more than twice as fast as tourism overall (3.2%). It's forecast to grow even faster through 2022 (7.5% yearly), to reach \$919 billion.

Although it is difficult accurately estimate the total size, the health tourism has grown substantially in the past decades as citizens of the EU travel from richer countries like the United Kingdom, Sweden, Germany, Netherlands, and Ireland to seek affordable healthcare in other countries, primarily in Eastern Europe.

Table 1. The most popular health tourism services in Europe

Medical tourism		Wellness
- Cosmetic surgery	25% - 34%	Most popular traditional programs: - Body treatments - Sports and fitness - Saunas - Yoga and meditation - Nutrition and detox Popular 'next generation' programs: - Holistic 'body-mind-spirit' programs - Healthy Eating, Personal Learning Programs growth, quality of life, etc.) - Physical challenge (eg triathlon, cross-fit, etc.)
- Dentistry	30% - 50%	
- Orthopedic surgery	7%	
- Obesity treatments	7%	
- IVF treatments	3% - 6%	
- Ophthalmic surgery	3%	

Source: Mintel, Health and Wellness Tourism in Europe, 2014

Wellness demand is defined by a system of values in which care for health, maintenance of physical and mental capacity, learning about advancement and lifestyle change are extremely important. Factors affecting the decision to travel to another country for treatment most often include significantly lower costs of surgery, long waiting lists in the domicile country, and the risk of poor quality medical services or lack of quality healthcare institutions in the domicile country.

According to available data, three leading receptive destinations in the world are Malaysia, the US and Thailand, while Europe's leading destination is Poland. An interesting example of medical tourism is South Africa, a well-known world destination for medical tourism which is specialized in the so-called "medical safari". In this special form of tourism, the use of medical services is combined with safari (Puri and Singh, 2010).

The seasonality of health tourism differs from general tourism and tends to be less pronounced. Health tourism actually helps counter average seasonality in tourism as a whole. The share of health tourists arriving from outside the EU amounts to an estimated 6%.

Tomas Health Tourism 2018 Survey - *Attitudes and Consumption of Health Tourism Users in Croatia* provides data on tourism demand for health tourism in Croatia for three major demand segments: wellness, health and medical. The study which included 1,331 respondents from seven countries, stated that the most important motive for using wellness services was relaxation or (79%), followed by stress relief (27%). Every tenth user of wellness services on the trip uses wellness facilities or goes for massages and at the place of permanent residence. The spa segment is motivated primarily by physical therapy services (44%) and rehabilitation (28%), while dental interventions are the dominant motive for travel in medical tourism (56%). Furthermore, the Institute for Tourism conducted a survey of the perception and opportunity of Croatia as a health tourism destination. In total, 24 interviews were conducted, 12 of which were with agencies in foreign markets and 12 with domestic agencies and providers of health

and tourism services. In analyzing the results of the aforementioned research, Croatia is generally recognizable and positively perceived holiday destination in the observed markets except in the United Kingdom. Based on the aforementioned research, Croatia has not been recognized as a favorable destination for health tourism in the United Kingdom based on surveys of individuals and agencies that do not have sufficient information about this form of tourism and its development in Croatia. In Italy, Croatia is a country famous for dental tourism. Recent Ipsos survey, conducted on a sample of more than 18,000 respondents from 24 countries around the world, says that approximately 18% of respondents would consider using a medical service (including dental care) outside their own country if it were financially more affordable. If we put the percentages in question with the total population of the countries surveyed, we reach a theoretical potential of hundreds of millions. However, if we look at the results of the study in question, we can conclude in principle that the hypothetical demand for medical services outside one's own country is significantly higher in the countries of "emerging economies", ie less pronounced in "traditional" economies.

3. Research Methodology

The research methodology is based on desk research, which mainly consisted the collection and analysis of available data and secondary sources of data collected from national strategic documents and European Commission documents. Various methods were used, including as follows: regulatory, statistics, economic analysis; induction and deduction, instruments and methods of economic research, such as statistical and economic comparison.

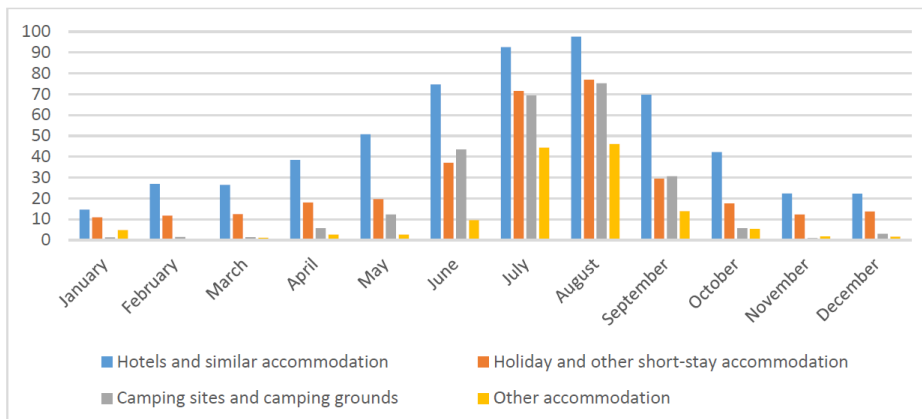
This paper will explore the possibilities for the development of health tourism in Croatia as well as the possibilities of financing projects from the EU funds: European Regional Development Fund, Cohesion Fund, European Social Fund, Agricultural Fund for Rural Development, European Fund for Strategic Investments.

4. Health tourism in Croatia – state of play

The Republic of Croatia owns numerous preconditions that are crucial in the development of health tourism. The favorable climate, good geographical location, high quality of professional staff and low cost of medical intervention make it a very interesting destination for the rest of the world. High potential for development have a dental, orthopedics, physiotherapy and thalassotherapy especially after Croatia's accession to the European Union thus allowing foreign tourists / patients to reimburse their costs from their insurance company. A lot of potential investments are focused on development in the area of continental Croatia, which could thus ensure a longer and more fulfilling season. Croatia is surrounded by very strong competitors, including neighboring Slovenia, Hungary and Austria, which have also made significant investments in this sector over the past twenty years. Moreover, medical tourism is becoming a focus of investments in CEE countries, such as Poland, Czech Republic, Romania, Bulgaria, but also in Turkey.

Economic and political instability at the global level and in the European Union, new conditions of the international environment as well as the dynamic changes in consumer demands in the global tourism market indicate the need to modernize the current model of tourism development in Croatia, which primarily refers to over-concentration on summer resort and a high degree of seasonality. Croatia belongs to countries that attract more visitors to the features of its natural area and rich cultural and historical heritage than to the quality, availability and diversity of newly created tourist attractions, as shown in the table below.

Graph 1 Tourist arrivals and nights in 2019



Source: Author's research based on Croatian Bureau of Statistics, 2020

Croatia is a typical example of a mature tourist destination dominated by a single product ('sun and sea') with high seasonality, which is characteristic of the Mediterranean and Adriatic countries. While other Mediterranean and Central European tourist destinations began to restructure in the mid-1980s in line with changes in tourist behavior, Croatia entered a period of breakup of the former state that lasted from 10 to 15 years, which greatly slowed down the processes of modernizing Croatian tourism. There are too few reasons (products and services) for traveling and staying in Croatia outside the summer season, due to lack of entrepreneurial interest and due to development and business barriers and insufficiently managed processes by the public sector.

The health tourism offer in Croatia is a complex set of wellness, spa and medical tourism providers in the private and public sectors. Almost the overall wellness offer, smaller number of spas and a significant part of the medical tourism offer is predominantly privately owned, representing a market-oriented, mostly vital small and medium-sized enterprise. Special hospitals, spas and large hospital systems are part of the public health system and are focused on the beneficiaries of the State Health Insurance Institute. They possess most of the natural healing waters such as thermal waters and naphthalene. According to their size and expertise, they are key factors in the credibility and recognition of Croatia's health tourism offer.

The health tourism offer consists of a wellness offer with over 80 hotels of higher categories and spas that include accommodation services. The most prominent is Terme Tuhelj, Terme Jezerčica, Sv. Martin and Lesce. About 60 wellness centers are located on the Adriatic, while the spa is located in the northern part of Croatia. Spas are often combined through cooperation with medical institutions, for example Terme Sv. Martin and the Lumbalis Spine Center, where Salt Room, Halotherapy and many other spine remedies are offered.

The total contribution of Croatia's Travel & Tourism to GDP in 2019, was 24.9% of GDP and it is forecasted to rise by 31.7% of GDP in 2028. This is a significantly larger share of GDP when compared to other European countries. At the same time, in 2017, Travel & Tourism directly supported 326,3 jobs (23,3% of total employment) and it is expected to fall down to 323,9 jobs in 2029 (WTTC 2019).

The Tourism Development Strategy of the Republic of Croatia until 2020 (OG 55/2013) positions spa tourism as a major factor in Croatia's health and tourism offer, with the assumption of ensuring differentiation of spa destinations and a significant improvement in their quality. Health tourism is also seen as an interdisciplinary area in the National Strategy for the Development of Health in Croatia 2012-2020. (OG 116/2012). In order to further develop health tourism, the Institute for Health Services in Tourism (OG 116/2014) was established

within the Ministry of Health in 2014 as an organizational unit competent for performing professional tasks related to health, medical and wellness tourism and in general for health services in tourism.

Table 3 Health tourism providers in Croatia

FOOD AND RESTAURANT FACILITIES		HEALTH INSTITUTION	
Wellness offer (hotels, spa)	Natural spas		Clinics / Hospitals
	Spas	Special hospitals	
Hotels: – About 80 hotels with wellness facilities Spa (with accommodation): – Terme Tuhelj – Terme Jezerčica – Terme Sveti Martin – Toplice Lešće	– Topusko spa – Top Terme, Topusko – Bizovačke Toplice – Veli Lošinj – Istarske Toplice	– Varaždinske Toplice – Stubičke Toplice – Krapinske Toplice – Daruvarske Toplice – Lipik – Naftalan, Ivanić Grad – Thalassotherapie, Opatija – Thalassotherapie, Crikvenica – Kalos, Vela Luka – Biokovka, Makarska	Public health institutes: – Clinical hospital centers (5) – Clinical hospital (3) – Clinics (5) – General hospitals (20) – Polyclinic Private Health institutes: – About 800 subjects; Larger: – SH Sv. Katarina – SH Akromion – SH Dr. Nemeč – MagdalenA Clinic – Medico Clinic

Source: Action Plan for Health Tourism Development

The largest part of the hotel's wellness offer (approximately 60 wellness centers) is located in the Adriatic. Their offer typically includes facilities such as massages, beauty treatments, saunas, pools and fitness. Swimming pools at hotel wellness centers on the Adriatic are mostly filled with seawater. Offering a variety of wellness packages that combine wellness center services with diet regime, exercise, aromatherapy or similar offer is very common.

The spa tourism offer includes medical rehabilitation based on the use of natural healing factors and is based on the facilities and services of special hospitals and a small number of spas. Most special hospitals and spas are located in the continental part of the country and they use thermal springs and mineral oils (naphthalene) in their treatments, while a smaller number of them located on the Adriatic coast focus on the use of medicinal mud, sea, air and climate as healing factors. Regardless of their location and differences in the use of natural resources, special hospitals are specialized in all kinds of rehabilitation (such as cardiovascular, respiratory, neurological, orthopedic, locomotor and / or dermatological diseases).

Medical tourism in Croatia is related to the offer of a growing number of specialized private healthcare institutions. These are mainly medium and small-sized clinics specializing mainly in dentistry, plastic surgery and dermatology, IVF, ophthalmology, orthopedics, physical medicine and / or rehabilitation, although there are also few larger private polyclinics with a broader range of activities (eg Medico, Rijeka) and specialized clinics (eg Magdalena Clinic for Cardiovascular Diseases) and special hospitals (eg Dr. Nemeč, Akromion, St. Catherine).

The current market position of medical tourism in Croatia is determined primarily by the individual efforts of private clinics to break through the market, affordable prices for internationally acceptable quality in several areas of medical expertise, and the credibility of staff and equipment. At the Croatian level, the supply of medical tourism is still sporadic, insufficiently diversified, relatively unorganized and poorly recognized. Therefore, Croatia is not yet an internationally recognized destination for medical tourism.

However, the Health Tourism Sector of the Ministry of Health has identified development investment projects of health institutions called "Health Tourism Investment Program".

The catalog of health tourism projects is intended for potential investors and stakeholders of health tourism in order to provide information on investment opportunities in projects of special hospitals for medical rehabilitation and spas. Although all spas and special hospitals make significant efforts to adapt their offer to the needs of the health and tourism market, the standard of quality of accommodation and accompanying hospitality and recreational facilities generally does not meet the expectations of international tourist demand. The offer of special hospitals and spas in Croatia is not competitive in today's extremely demanding health and tourism market, despite the efforts of several institutions. The current scenario can only be improved by increased investment in the modernization, in particular, of the accommodation facilities offered by most Croatian specialty hospitals and spas. Significant new investments are needed in the reconstruction of the existing accommodation offer, but also in the construction of new health facilities and new hotel facilities.

5. Opportunities for improvement using different sources of funding

This chapter will present available source of EU funding with emphasis on the tourism sector. Furthermore, it will provide project examples under the current multi-annual financial framework and outline EU funds that can be used by potential beneficiaries in the health tourism sector.

Table 4 Available source of funding from EU funds 2014-2020

Fund	Total budget for Croatia (in billion EUR)	Beneficiaries	Key priority areas
EU FUNDS			
European Fund for Regional Development	5,084	Small and medium enterprises, research centers, local and regional authorities, schools, corporations, training centers, government, universities, associations	Support for small and medium-sized enterprises, innovation and research, digital agenda, low-carbon economy
Cohesion Fund	3,011	Public authorities (opportunities for the business sector are opened through participation in public procurement procedures for the delivery of goods and services, and the carrying out of works such as various studies, construction works and the like)	Infrastructure projects, environment
European Social Fund	1,706	Public administration, businesses, NGOs and social partners	Promoting employment and supporting labour mobility, promoting social inclusion and combating poverty, investing in education, skills and lifelong learning, enhancing institutional capacity and an efficient public administration
European Agricultural Fund for Rural Development	2,383	Agricultural beneficiaries, agricultural organizations, associations and trade unions, environmental associations, organizations providing services in community culture, including the media, women's associations, farmers, foresters and young people	Promoting social inclusion, poverty reduction and rural economic development, fostering knowledge transfer and innovation in agriculture, forestry and rural areas

INVESTMENT PLAN FOR EUROPE			
European Fund for Strategic Investments	over 500,000	EFSI is directed at financing projects with higher risk levels than projects eligible for financing in common business transactions. Projects valued at over 50 million euros are eligible for direct EIB financing with EFSI guarantees, whereas SME and MidCap projects valued at up to 50 million euros are financed through financial intermediaries operating in the Member State concerned under EIB's Infrastructure and Innovation Window (IIW) and Window for Small and Medium Enterprises (SMEW).	Investment into high risk profile projects in the areas of research, innovation, energy, transport and social infrastructure, education and science, and with extenuation of EFSI these areas were extended to include agriculture, fisheries, forestry, as well as climaterelated measures.

Source: Author's research

With the accession of the Republic of Croatia to the European Union, numerous opportunities have been opened for investments projects from EU funds. In the multiannual financial framework 2014-2020, the Republic of Croatia received more than EUR 10 billion at its disposal to finance development projects, including projects in health tourism. The Member State is obliged to adopt Operational Programs which need to be approved by the European Commission. In order to be eligible to use EU funds, Member State shall determine the priorities for investing sources of funding in accordance with the needs and strategic development plans. Croatia is currently in the process of negotiating for the next multiannual financial framework 2021-2027, so it is necessary to have sound quality negotiations with the EU Commission and wisely set goals and priorities for investing new funds for the next seven-year period. Health tourism projects can be financed from all the above mentioned funds (Table 4), so it is necessary for the government to recognize the importance of this sector and already include strategic projects in operational programs, which must subsequently be approved by the European Commission in order to be eligible for grants and financial instruments.

In order to gain clearer insight into the type of projects that can be financed from individual funds, examples of funded projects in Croatia and EU Member States will be presented below.

Examples of project funded by the ERDF:

Krimml Waterfalls Used for Health Tourism Development (Austria)

In 2006, the University of Salzburg established a science laboratory near the Krimml Falls to study the highly concentrated water-producing aerosol when it hits the ground. This natural aerosol has been shown to have good effects in people suffering from asthma or allergies: a daily walk near the waterfalls lessens the symptoms and the positive effects last for several months. Together with other local features (low pollution, low levels of fungal spores and short flowering season) make this part of the national park an ideal place for healing.

Eleven local hotels were required to implement renovation/adaptation measures in order to become eligible for certified anti-allergy rooms offer. Collaboration with a regional hospital has also been developed in order to help hotels provide access to medical services. The promotional campaign was aimed at people with allergies and guests with high health awareness. The idea then spread to the local lumber and construction industry. The leading lumber company joined the initiative and began collaborating with the university institute in making antiallergic wood products (from furniture to houses). The project received the 2012 RegioStars Award and is an example of how the traditional sector can be innovative in the rural area with the help of scientific partners. Local hotels have benefited (the number of overnight stays increased from 60.000 in 2008 to 78.000 in 2010). EU contribution: EUR 125.000 - EU funding level: 25%.

Examples of project funded by the CF:*Slowacki Route project improves road network between Gdańsk airport and sea port*

Over 10 km of road was constructed or widened to provide a direct route through the city, which relieves pressure on smaller roads and the S6 bypass around Gdańsk. To further increase capacity, the project constructed a 1.34 km tunnel under the Vistula River, previously crossed only by ferry. Other project works make roads safer for pedestrians, improve public transport connections and make surrounding neighbourhoods more attractive ([Open Data Portal for the European Structural Investments Funds](#), 2020). This had a positive effect on tourism development in the area.

Examples of project funded by the ESF:*Improvement of the Dental Medicine study program in accordance with the Croatian Qualifications Framework at the University of Zagreb, School of Dental Medicine*

The project improved and harmonized the dental medicine study program with programs in the EU by developing a professional practice program that is demonstrated by learning outcomes in accordance with the CROQF. During the project, 80 students conducted internships in 40 collaborative dental offices and continue to practice regularly after the project is completed. The internship program developed by this project enabled students to gain the necessary clinical experience before graduation and then, they were able to begin independent work immediately after graduation.

Examples of project funded by the EAFRD:*Dental care for residents in isolated rural communities*

An enterprise from a rural area in northern Finland has been awarded support from the EAFRD in order to set up new commercial healthcare activities in isolated rural communities, highlighting the potential of mobile units for easier accessibility. The main beneficiary group is the elderly who need dental care but others from the local communities. The project also helps the younger generations maintain their oral health. A complete range of oral hygiene services is provided.

Examples of project funded by the EFSI:*Loan to improve the energy efficiency of hotels and tourist complexes*

In November 2015, the EIB decided to grant a EUR 500 million credit to Caisse des Dépôts and its user, Société pour le logement intermédiaire (SLI), to finance programs for the construction of affordable rental apartments. SLI use this line of credit for 5 years to finance loans for up to 25 years. The goal is to build 13.000 affordable rental apartments by 2019 in areas where there is a shortage. SLI will finance smaller-scale projects (less than EUR 50 million) for new homes that fall under the 'near zero energy building' category. Energy savings will help homeowners repay loans.

Companies in Île-de-France have also received EFSI funding (EUR 100 million for SEM Energies Posit'If) for the renewal of the energy efficiency of private accommodation. They will finance the insulation of buildings and windows, as well as the renewal of heat production and distribution systems in buildings, ventilation systems and electrical appliances that are part of common spaces (lights, pumps, etc.). The use of renewable energy sources (eg biomass or solar collectors) may also be included in the works.

Gathering more small projects regionally or nationally can also be an option for outdated hotels and tourist complexes that are not energy efficient. EU contribution: EUR 500 million (approved in February 2016) - EU funding level: 33%.

6. Discussion

The research was based on analysis of the health tourism development in Croatia. The number of overnight stays during the year is shown in the Chapter 4, which indicates the seasonality of the tourist offer which is still based on the offer of "Sun and Sea" instead of a high quality variety of offers which includes a combination of different forms of tourism with emphasis on specific forms of tourism including health tourism.

The tourism sector in Croatia is extremely important for the development of the overall economy (as shown by the percentage of tourism in GDP, which amounted to as much as 24.9% of GDP in 2019), so it is important to adopt quality strategic plans that will generate revenue throughout the year. The conducted research has shown that significant problem is the high degree of seasonality (shown in the graph in Chapter 4), so it is necessary to focus on the fast-growing forms of high-income tourism, namely health tourism. The development of health tourism reduces the seasonality of tourism, which gives an additional incentive to the development of this special type.

Health tourism actually helps counter the average seasonality in tourism as a whole. This research outlines the Croatia's advantages in order to become a significant tourist destination in the field of health tourism as well as the obstacles that have not yet been eliminated. Many EU Member States have recognized the potential of health tourism and are generating significant revenues, such as Poland and the Czech Republic. In case of Croatia, it is necessary to adopt a clear strategic plan at the national level and set guidelines for the development of health tourism which would help to reduce the impact of seasonality and make wise use of available sources of funding in order to become eligible to compete at EU and global level.

Furthermore, the precondition for the development of health tourism lies in the development and modernization of new and existing facilities. The current situation of health tourism in the Republic of Croatia (which is presented in Chapter 4) shows that Croatian thermal spas / special hospitals are outdated both in terms of functionality of facilities and equipment and in terms of offering health programs intended for the tourism market. In addition to the modernization and construction of diagnostic and therapeutic centers, it is necessary to raise the quality of accommodation facilities (equalization with higher category hotel standards), build a number of entertainment facilities ('water fun' parks, sports facilities, leisure facilities and similar), construction of new accommodation (hotel) facilities related to the existing thermal / thalasso spas and special hospitals (while ensuring access to natural healing factors) and build a number of completely new health-tourist centers. Best international practices need to be explored in their design and implementation.

This paper explores development opportunities using available EU funding sources. The Republic of Croatia has published a catalog of potential investments in health tourism, which is presented in Chapter 4. However, significant efforts to achieve the plan have not been realized. Investments in health tourism are extremely high, so EU funds can be a key driver in order to develop this form of tourism. Croatia is currently in negotiations with the EU Commission for the next multiannual financial framework 2021-2027, so it is crucial to include health tourism projects in operational programs so that strategic projects could receive direct funding in the future. In addition to EU funds, the European Fund for Strategic Investments (EFSI) provides a significant source of financing for high value projects. The European Fund for Strategic Investments focuses on financing projects that have a higher risk than the projects eligible for lending in the ordinary business. Direct financing is only possible for projects exceeding € 50 million, while projects of small and medium-sized enterprises and mid-cap companies totaling up to € 50 million are considered through intermediaries through the EFSI window for SMEs.

Croatia's accession to the EU has opened up numerous project financing opportunities. In order to exploit the full potential, it is essential that key stakeholders (in this case, government, ministries, health organizations, cluster associations, non-profit organizations and other stakeholders in the health tourism sector) advocate for the development of health tourism to reduce the impact of seasonality. It is essential to include projects in the health tourism catalog in the key strategic documents in order to be eligible for funding for the next programming period.

7. Conclusion

The current market position of health tourism in Croatia is determined primarily by the individual efforts of private clinics in breaking into the market, affordable prices for acceptable quality in several areas of medical expertise and the credibility of staff and equipment. The supply of health tourism in Croatia is still sporadic, insufficiently diversified, relatively unorganized and poorly recognized. There is no quality clustering organization on a production-specialist basis, nor on the vertical integration and integration of different stakeholders into a complete destination value chain. This should be added to the lack of systematic national promotion as well as the absence of a strong sales network of incoming agencies and specialized facilitators. Therefore, Croatia is not yet an internationally recognized destination for medical tourism.

Additional research on this topic would include analysis on quality of operational programs for the use of EU funds for the future financial period 2021-2027, with an emphasis on the listing of health tourism projects, especially those in the catalog of health projects recognized as strategic projects for the development of this specific branch of tourism.

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