

## **WellSpaV4 Project**



# **Opportunities and Challenges for V4 Spas**

## **Slovakia**

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# Overview of Spa Developments in Slovakia

- Most guests are still partially or fully funded from public health insurance. The percentage of self-payers is a growing trend, but most domestic clients cannot afford to self-finance spa treatment.
- Wellness products are available in the Slovak natural medical spas to a varying degree. In Slovakia, for example, there are also climatic spas which, according to indications, treatments and stays, specifically focus on children and adolescents aged 3 to 18 (not on wellness stays for self-payers and foreigners).
- To foster the development of Slovak tourism, since 1 January 2019, (1) the VAT rate on accommodation services has been reduced from the original 20% to 10% and (2) a system has been introduced to support domestic tourism through recreational vouchers. An employer that employs more than 49 employees is obliged to provide a recreation allowance or recreation vouchers to its employees. An employee recreation allowance may be included by the employer in tax deductible expenses and this allowance is exempt from tax and (health and social insurance) contributions both for the employer and the employee. The recreation allowance payable by the employer amounts to 55% of the amount of eligible recreational expenses, but shall not exceed €275 per calendar year.

## Slovak Natural Healing Resources

(Source: processed according to the data of the Inspectorate of Spas and Springs, the Ministry of Health of the Slovak Republic and the Slovak Tourism Agency)

Number of Resources	Type of Resource or Facility
125	natural healing springs and natural mineral springs are currently used
30	spas based on natural healing springs and climates (11 spas use thermal water)
28	companies running natural medical spas or spa treatment facilities that operate on the Slovak market
27	wellness hotels
17	spa hotels
21	locations with the status of a spa facility
29	aquaparks
1	cave steam bath in Sklené Teplice: a naturally created cave with mineral water (42°C) and a high content of magnesium and calcium
3	Caves, speleotherapy in Bystrianska, Belianska and Jasovská caves
1943	registered mineral springs (J. Božíková, Spas and Springs Inspectorate, personal communication, 2 September 2020).

# Spa locations in Slovakia



# Main Challenges of Spa Development in Slovakia

- post- COVID stays could be currently offered on the basis of an exemption that applies to natural medical spas or spa treatment facilities performing medical procedures upon a physician's recommendation. Currently, some spas already offer this type of stay on their websites. In mid-February 2021, the Ministry of Health and spa representatives discussed the primary diagnoses which should be paid for by the health insurance companies within post-covid spa treatment. Following the discussions, information was published on extending the list of indications (they currently suggest one indication concerning respiratory problems).
- the establishment of Slovakia Travel, which would be responsible for the promotion of Slovakia (as a tourist destination) abroad
- emphasis on reconditioning stays and prevention
- creating an epidemiologically safe environment for guests
- improving the quality of services provided
- laying an emphasis on the provision of preventive care and healthy lifestyle counselling
- digitalisation and improvement of on-line presentation of spas
- improving marketing communication with potential clients



# Visitors to Slovak Spas

**Tab. 1: Development of patients treated in spa care by payment for a stay, financially recognised services paid for by the Slovak health insurance companies to spa companies (€), the percentage of these expenditures in the total expenditures spent by the health insurance companies on health care (%), revenues from sales of goods and services and after-tax profit of Slovak spa companies (€)**

Indicator	Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total	133,891	141,211	142,934	144,123	153,711	148,804	149,878	167,048	168,013	179,213	185,675
domestic clients	98,244	102,818	107,292	108,585	114,001	112,331	115,204	131,137	131,534	145,830	154,292
domestic clients – payment by insurance company	56,706	57,700	58,867	55,799	60,584	61,609	60,783	64,364	64,100	72,702	67,763
Category A	36,640	39,121	41,329	35,410	39,002	40,137	41,456	43,020	43,320	48,630	44,660
Category B	20,066	18,579	17,538	20,389	21,582	21,472	19,327	21,344	20,780	24,072	23,103
domestic clients – payment by policyholder	41,538	45,118	48,425	52,786	53,417	50,722	54,421	66,773	67,434	73,128	86,529
foreign clients	35,647	38,393	35,642	35,538	39,710	36,473	34,674	35,911	36,479	33,383	31,383
foreign clients – payment by insurance company	378	600	524	465	245	249	166	241	185	197	173
foreign clients – payment by policyholder	35,269	37,793	35,118	35,073	39,465	36,224	34,508	35,670	36,294	33,186	31,210
Services financially recognised by Slovak insurance companies (€)	42,156,543	44,680,727	49,241,510	46,429,978	49,524,141	47,867,905	48,924,934	52,365,195	52,887,253	56,112,848	60,305,820
Percentage in total health care expenditures (%)	1.31	1.35	1.50	1.38	1.39	1.25	1.23	1.24	1.00	1.25	1.25
Revenues from sales of goods and services (€)					139,655,694	146,578,286	146,347,229	156,236,005	162,570,995	169,661,551	
After-tax profit of Slovak spa companies (€)					4,866,307	4,092,029	5,830,157	-2,403,112	5,687,645	6,114,908	

Source: National Health Information Centre (2020), The Health Care Surveillance Authority (2010,2011,2012,2013,2014,2015,2016,2017,2018,2019,2020), data processed by the author from the Central Register of Financial Statements

## Results of the Delphi Study: Round 1 Issues (5 interviewees)



- The impact of good infrastructure and availability (regular air connections) is significant (opinion of two experts). For example, when Tel Aviv - Košice flights were introduced, the number of tourists from Israel increased noticeably in Pieniny. At the same time, visa procedures need to be simplified (e.g. for Russian clients) (expert's opinion).
- “As far as self-payers are concerned, there is no stable institution for tourism with clear visions and long-term goals of promoting Slovakia abroad” (expert's opinion). The project and proposal for establishing Slovakia Travel envisages the establishment of an independent contributory organisation that exist in comparable markets, for example in the Czech Republic. It should be established in 2021. Until 2016, the Slovak Tourism Agency operated in Slovakia.
- “The development of the spa industry would certainly be facilitated by reconditioning stays and prevention, which can ultimately be cheaper and less burdensome, e.g. also for the public budget, than the treatment itself” (expert's opinion).
- “The services of natural medical spas in Slovakia are based on the existence of recognised natural healing resources (on this competitive advantage). Wellness services (swimming pools and saunas) are used by clients during their stays as a bonus (they are included in the price of the package)” (expert's opinion).

# Round 2 Delphi Study

## (5 interviewees)



- The main challenges of natural medical spas since 1990 include (1) targeting and creating services for new markets (especially the self-payer market), (2) the need to improve the infrastructure, (3) meeting the level of quality required by foreign visitors. “We would also add the stability of the business environment, which we would rank second” (assessment by an expert working in a natural medical spa).
- In the case of the Slovak natural medical spas, there was no decrease in the medical use of the spas.
- On the contrary, the quality of services provided has improved and comprehensive service packages have been created in response to the increasingly higher demands of customers.
- Over the past five years, there has been an increase in domestic demand. In addition, there was an increase in wellness services and the recreational focus of natural medical spas. There were also the expectations that after the end of the COVID-19 pandemic, people would be more likely to visit the spas to recover, prevent and strengthen their immune system.
- In the case of Slovak natural medical spas, the domestic clientele predominates. The foreign clientele mostly includes visitors from the neighbouring countries. These are mainly individual clients who use medical and balneological services as well as wellness. Four out of five experts stated that the quality of our spas is sufficient for foreign tourists. Foreign clients prefer larger (more known) spa facilities to other small and less known spas. Although foreign guests’ demand is growing, marketing communication with this target group is still insufficient.
- In natural medical spas, medical wellness is growing as a result of the promotion of a healthy lifestyle and increased health care.
- In the case of Slovak spa companies, regarded as the most suitable tools are on-line questionnaires, social media feedback, constant monitoring, guest satisfaction surveys (on paper) and, finally, monthly evaluation (in that order).



**Any questions or comments?**

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