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# The health resort sphere in Russia and evaluation of its potential for development

*Yanina Aleksandrovna Voynova:*

*Состояние санаторно-курортной сферы в России и оценка потенциала её развития  
A gyógyüdülési ágazat helyzete és fejlesztési lehetőségei Oroszországban*

*В статье рассмотрены исторические аспекты формирования санаторно-курортного комплекса в России, проведена оценка его текущего состояния, рассмотрены основные источники финансирования санаторно-курортного лечения для граждан России, показаны тенденции развития рынка санаторно-курортных услуг, пути повышения конкурентоспособности услуг, приведена оценка потенциала развития сферы санаторно-курортных услуг.*

*Ключевые слова: санаторно-курортный комплекс, экономическая эффективность, финансирование, конкурентоспособность*

*A tanulmány az oroszországi szanatórium-üdülőkompexumok történeti kialakulásával foglalkozik, bemutatja a jelenlegi állapotot, felméri a finanszírozási források adta lehetőségeket az orosz lakosság számára, valamint a spa-szolgáltatások piacának fejlődési tendenciáit. Információkat nyújt arra vonatkozóan, hogyan lehet a szolgáltatások versenyképességét értékelni és javítani a szanatóriumi és a wellness szolgáltatások körében.*

*Kulcsszavak:*

*szanatórium-üdülőkompexum, gazdasági hatékonyság, finanszírozás, versenyképesség*

## ABSTRACT

The article deals with the historical aspects of the sanatorium-resort complex formation in Russia and it presents the assess of its current state; the main sources of funding of sanatorium-resort treatment for Russian citizens are described; tendencies of development of the market of SPA-services were shown; it includes information about the ways how to improve the services competitiveness; methods of the evaluating for potential of development in sanatorium-and-SPA services sphere are presented.

Keywords: sanatorium-resort complex, economic efficiency, financing, competitiveness

## SANATORIUM-AND-SPA RESORT'S

### DEVELOPMENT IN RUSSIA: HISTORICAL ASPECT

The national SPA-resort complex was sustainably developed under the Soviet Union. The process of development was based on a combination of practical experience and scientific researches. In all major Spa-centers, situated all over the huge country, was operating research institutes of balneology. Research teams was involved in the process of approving new methods of sanatorium-resort treatment, based on the unique natural treatment factors. The vast network of sanatorium-and-Spa institutions were providing affordable services to a wide range of citizens.

Table 1. The basic indicators of sanatorium establishment's activity in Russia

Parameter	1990	1995	2000	2005	2010	2010/1990 %
Number of the sanatorium organizations	3427	2927	2409	2173	1945	56,8
Capacity, thousand beds	485	400	395	432	423	87,2
Number treated and having a rest in the sanatorium organizations, thousands people	6345	3914	4919	6348	6049	95,3

The number of the sanatorium organizations in Russia during the period from 1990 to 2010 was reduced by 1482 organizations or for 43,2%. As well one-time capacity of health resorts decreased per 62 thousand beds or per 12,8%. The number of the treated was minimum in 1995; however in 2010 it practically came to level of of 1990's indicators. As a whole, for the twenty-year period, despite considerable reduction of number of the enterprises of a sanatorium complex, its bed's capacity decreased slightly, and the number of the served persons almost returned to indicators of 1990.

The Soviet health-care system was a unique system of health care based on the principle of «clinic-hospital-health resort/sanatorium», thus the patient passed through all the stages of diagnosis, treatment, recovery and rehabilitation in a resort area.

Practitioners in the area of health resort medicine noted that the number of sick days due to respiratory diseases among workers, commuters in the sanatorium for treatment and rehabilitation, was minimal. So was obvious economic rationale for funding of sanatorium-resort treatment, because it was observed at a cost savings in payments to hospitals and workers during the year, the permanency of the economic circulation, benefiting the company and the State as a whole.

Lots of skeptics note that conditions and comfort in sanatoria of that era were too primitive. Rooms were equipped with simple furniture, without extravagance. Almost all of the rooms were multiple-beds: from 2-4 beds and even more per one room. There were no any facilities in the room except a hand-washer sink. All

other facilities (toilet and shower rooms) took place in a corridor. Single tourists hosted in these simple rooms. Families with kids had an opportunity to bed in separate rooms, but with the same minimum services. The main aims of the sanatorium complex management in that time were organization sanatorium-resort therapy process and a dietary-food catering.

#### CURRENT SITUATION IN SANATORIUM-RESORT SPHERE

After the Soviet Union disintegration the budget financing of sanatorium-and-spa sphere was dramatically reduced. Most of the sanatorium organizations were transferred under the labor unions structure. They were not ready to face with free market economy realities. The Russian citizens, who had no opportunities to travel abroad before, started to visit foreign resorts with a great pleasure. The main goal of travelling had been changed. Nowadays Russians travel for recreation. They prefer educational tourism as well. But treatment and health care tourism are not so much popular as it was before.

The necessity of fundamental transformations in sanatorium-resort sphere to increase the level of domestic health resorts competitiveness is an obvious fact now. There were incredible efforts of managers, who in the conditions of limited financial resources provided the radical reorganization process in health resorts sphere. However the reconstructed branch still couldn't attract tourists in the same quantity as it was in Soviet period. Actually the status of year-round resorts couldn't be returned.

Technology of health-treatment process was considerable changed. Traditionally the treatment program in sanatorium consisted of three weeks treatment procedures. Now the tourist has an opportunity to stay at sanatorium no more than 10-11 days. Therefore the treatment program was reduced. No wonder that the improving effect of this reduced program decreased.

and led to increase the sanatorium enterprise economic efficiency.

The population expenses for sanatorium treatment are growing. It is shown in the table below (the example of statistical data of Krasnodar Krai).

In the period of 2008-2011 the population expenses for sanatorium services increased on 1794 million rubles or by 1,4 times.

*Table 2. Commercial services in the sphere of culture, tourism and recreation of Krasnodar Krai, million rubles.*

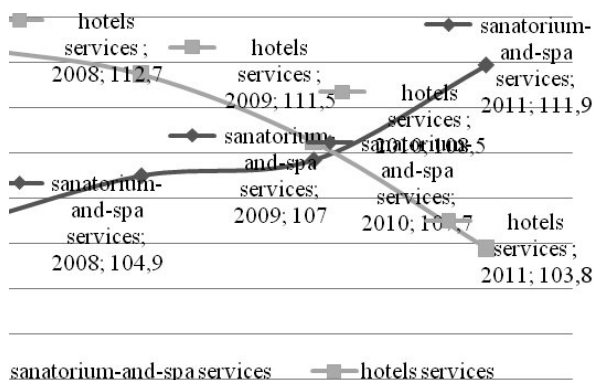
Parameter	2008	2009	2010	2011	2011/2008
Commercial services, total value	137868	161787	186095	214282	1,6
which includes:					
tourist services	1962	2245	2848	3394	1,7
sanatorium-and-spa services	4853	5085	5389	6647	1,4
hotel services	13230	14584	16856	18959	1,4
sport and physical training services	590	681	942	1247	2,1
cultural establishment services	1899	2368	2657	3141	1,7

Present-day activity of sanatoriums based on dividing sanatorium services. Tourist can pay for accommodation, food and treatment as a whole or can buy it separately. That is why many tourists stay in sanatoria not for the treatment purposes, but just to have a rest. So, people don't pay for medical services. The sanatorium technology looks like hotel enterprise technology. As a whole it is the extremely negative tendency, because sanatorium expenses in this case grow to the needs of containing medical equipment and personnel which completely aren't involved. Providing of price availability of services in the long term would allow tourists to pay for medical care

Dynamics of consumer prices of sanatorium and hotel services is shown in the picture below.

To end of 2011 the financial result of sanatorium establishments activity of Krasnodar Krai

*Figure 1. Dynamics of consumer prices of sanatorium and hotel services*



was equal to 437,3 million rubles. Thus activity of 65,6% of sanatoriums was profitable, but 34,4% of them have financial difficulties. Taking into account that Krasnodar Krai has the richest resort and tourist potential, it is possible to conclude that it is used incompletely.

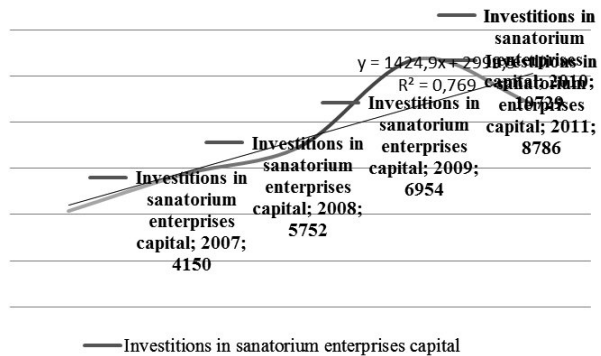
**THE WAYS OF SANATORIUM SPHERE DEVELOPMENT ACCELERATION**

The future development of the sanatorium organizations requires the attracting of finance. The development of material base can be carried out due to borrowed funds and investors funds. Today the problem of increasing of a number of rooms is not so actual, but comfort increasing is needed. It is important to put into practice modern resort techniques of treatment. But all that need serious financial expenses too.

The tendency of growth of the volume of investment into capital of sanatorium establishments on the example of Krasnodar Krai is shown in figure 2.

Development of a sanatorium complex is also interfaced to acceptable marketing policy. In certain cases it is necessary to be guided by involvement of solvent clients, providing them quality services and providing comfortable conditions in a health resort. In other cases it is required to optimize expenses and to provide services to lower-income citizens, who are needing in sanatorium treatment. In any case,

Figure 2. Investments into fixed capital of sanatorium establishments of Krasnodar Krai, million rubles (trend).



it is very important to keep available price to the sanatorium services, because this segment of of national health care system remain huge social and economic value.

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