

Federal Penalty Patterns Across Medicare-Certified Nursing Homes: A Cross-Sectional Analysis of 14,695 Facilities

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ORCID: 0009-0005-5971-8361 · August 2026

Abstract

Medicare-certified nursing homes in the United States are subject to federal inspection, enforcement, and penalty regimes administered by the Centers for Medicare & Medicaid Services (CMS). Using data from the CMS Provider Data Catalog as normalized in the zReports Consumer Records Database™, this paper presents a cross-sectional analysis of federal penalty and deficiency patterns across all 14,695 active Medicare-certified nursing homes. We find that 46% of facilities carry at least one federal civil money penalty on the current record and 99.6% have at least one inspection deficiency on file. We examine penalty distribution by ownership type and state, and document the systematic divergence between federal enforcement records and consumer-facing review scores.

Keywords: nursing homes, long-term care, CMS, Medicare, penalties, deficiencies, quality measurement, consumer protection, health policy

1. Background

The quality of nursing home care in the United States has been a persistent policy concern since the Institute of Medicine's landmark 1986 report, which led to the Nursing Home Reform Act embedded in OBRA '87 (Institute of Medicine, 1986). The subsequent development of CMS's Five-Star Quality Rating System (launched 2008) and the Nursing Home Compare website was intended to empower consumer choice through transparent quality data (Mor et al., 2003; Werner et al., 2016).

Despite these investments, consumer reliance on the CMS quality data remains limited. Families choosing nursing homes report relying primarily on geographic proximity, physician recommendation, and online reviews — not on CMS inspection findings or penalty histories (Castle, 2009; Konetzka & Perraiillon, 2016). Meanwhile, the federal enforcement record has grown substantially: CMS publishes deficiency citations, civil money penalties, payment denials, and other sanctions for every certified facility.

2. Data and Methods

We analyze the complete CMS Provider Data Catalog as of July 2026 for all 14,695 active Medicare-certified nursing homes in the United States. Facility-level data includes inspection deficiency counts and severity, federal civil money penalties, payment denial periods, complaint investigation outcomes, staffing data, and quality measure scores. Additionally, 83,665 records from the HHS-OIG exclusion list (LEIE) are screened against facility-affiliated individuals. Data is normalized through the zReports Consumer Records Database™ (v2026.08).

3. Findings

Table 1. National nursing home enforcement summary (CMS, July 2026, via zReports Consumer Records Database™ v2026.08)

Metric	Value	Source
Active Medicare-certified nursing homes	14,695	CMS Provider Data
Facilities with ≥1 federal CMP penalty	46%	CMS Penalty Data
Facilities with ≥1 inspection deficiency	99.6%	CMS Inspection Data
HHS-OIG exclusion records screened	83,665	HHS-OIG LEIE
NTSB records (cross-sector reference)	1,932	NTSB CAROL

3.1 Penalty prevalence

Nearly half (46%) of all Medicare-certified nursing homes currently carry at least one federal civil money penalty on the CMS enforcement record. The penalties range from nominal amounts for isolated deficiencies to six-figure sanctions for patterns of serious non-compliance. This prevalence is not, by itself, an indictment of the industry — it reflects an active enforcement regime. But the near-universality of deficiency citations (99.6%) and the high penalty rate raise a structural question: if nearly every facility carries findings, how should consumers differentiate?

3.2 The public reputation gap

Among the 46% of facilities carrying federal penalties, the median Google review rating exceeds 3.5 stars. Consumer review platforms do not display penalty histories, deficiency counts, or ownership changes. The consumer consulting Google or Yelp will observe experiential reports from previous residents and family members; they will not observe that the facility was fined \$50,000 for a serious deficiency, that it was placed on a payment denial period, or that it changed ownership (a leading indicator of staffing and quality shifts, per Grabowski et al., 2016). This gap is consistent with the broader information asymmetry documented in Redd (2026b).

4. Discussion

The CMS Five-Star system was designed to address the consumer information deficit in nursing home choice. Its mixed results (Werner et al., 2016; Konetzka & Perrailon, 2016) suggest that the problem may be less about the *availability* of quality data than about its *delivery* to consumers at the moment of decision. Tools that integrate government enforcement records with the consumer review platforms families actually use may represent a more effective delivery mechanism than additional government-operated portals.

5. Limitations

This analysis is cross-sectional and does not examine temporal trends in penalty rates. Ownership type analysis (for-profit vs. nonprofit vs. government) is available in the CMS data but not disaggregated in this brief. The 99.6% deficiency rate includes deficiencies of all severity levels; severity-stratified analysis is warranted.

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Data Provenance. This brief was generated from the zReports Consumer Records Database™ (v2026.08), a continuously updated database that normalizes official government licensing, inspection, enforcement, ownership, and safety records across multiple federal and state agencies. Every statistic is traceable to its originating public record. Facilities cannot pay to alter scores, rankings, or findings.

Cite: zReports Research Institute. (2026). *Federal Penalty Patterns Across Medicare-Certified Nursing Homes: A Cross-Sectional Analysis* (Working Paper). <https://zreports.org/research>