

Department of Health and Human Services  
**Office of Inspector General**



Office of Audit Services

March 2026 | A-05-24-00011

# **Indiana Generally Ensured That Selected Nursing Homes Complied With Federal Background Check Requirements**



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## Indiana Generally Ensured That Selected Nursing Homes Complied With Federal Background Check Requirements

### Why OIG Did This Audit

- Background checks for employees are an important safety measure that can help protect the approximately 1.2 million people who reside in nursing homes. Oversight and management of nursing homes are crucial for the safety of long-term care residents.
- We performed this audit to determine whether Indiana ensured that selected nursing homes complied with Federal requirements that prohibit the employment of individuals with disqualifying backgrounds.

### What OIG Found

Indiana generally complied with Federal requirements that prohibit the employment of individuals with disqualifying backgrounds. Specifically, for the 825 nursing home employees we reviewed from the 8 selected nursing homes, all but 13 employees had completed background checks. The employees with completed background checks had no disqualifying offenses, and the employees who were required to have a license because of their occupation had a current license (as of the time of their employment) and had no actions taken against their license related to disqualifying offenses.

### What OIG Recommends

We recommend that Indiana advise nursing homes to verify that employees' background checks are completed and maintain documentation of the completed background checks.

The State did not indicate concurrence or nonconcurrence with our recommendation but stated that it would continue to take actions that would address our recommendation.

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## INTRODUCTION

### WHY WE DID THIS AUDIT

Background checks for employees are an important safety measure that can help protect the approximately 1.2 million people who reside in Medicare/Medicaid-certified long-term care facilities (nursing homes).<sup>1</sup> Oversight and management of nursing homes are crucial for the safety of long-term care residents.

As part of its oversight activities, the Office of Inspector General (OIG) is conducting a series of audits nationwide regarding employment in nursing homes of individuals whose criminal background checks identified information or events that should have disqualified those individuals from being hired based on Federal requirements (disqualifying backgrounds).<sup>2</sup> This report focuses on selected nursing homes in Indiana.

Among other things, the Patient Protection and Affordable Care Act (signed into law in 2010) enacted the National Background Check Program for Long-Term-Care Providers to assist States in developing and improving systems to conduct Federal and State background checks.<sup>3</sup> Prior OIG work has shown that not all States, Indiana among them, chose to participate in this program.<sup>4</sup>

### OBJECTIVE

Our objective was to determine whether the Indiana Family and Social Services Administration and the Indiana Department of Health (collectively referred to as the “State”)<sup>5</sup> ensured that selected nursing homes in Indiana complied with Federal requirements that prohibit the employment of individuals with disqualifying backgrounds.

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<sup>1</sup> More than half of these nursing home residents depend on Medicaid to pay for their long-term care.

<sup>2</sup> All references to “background checks” in this report refer to criminal background checks, State nurse aide registry checks, or professional license checks.

<sup>3</sup> Section 6201 of the Patient Protection and Affordable Care Act, P.L. No. 111-148 (Mar. 23, 2010).

<sup>4</sup> See Appendix B for related OIG reports.

<sup>5</sup> The Family and Social Services Administration and the State Department of Health have an Interagency Agreement where the Family and Social Services Administration shall refer to the Department of Health any information regarding alleged violations of Federal regulations and hazards to the health and safety of patients residing in nursing homes. The Department of Health is the State survey agency responsible for certifying that providers meet standards for participation in the Medicaid program.

## **BACKGROUND**

### **Federal Requirements for Long-Term Care Facilities**

Nursing homes are required to comply with health and safety requirements in Federal regulations (42 CFR part 483, subpart B) to participate in the Medicare and Medicaid programs. These requirements are the foundation for improving quality of care and protecting the health and safety of nursing home residents. Surveyors inspect nursing homes an average of every 12 to 15 months (yearly inspections) and certify whether the nursing homes comply with health and safety requirements.

Federal regulations at 42 CFR § 483.12(a)(3) prohibit nursing homes from employing or otherwise engaging individuals who have a history of disqualifying offenses. Specifically, this prohibition applies to individuals who have:

- Been found guilty of abuse, neglect, exploitation, mistreatment of residents, or misappropriation of resident property by a court of law
- Had a finding entered into the State nurse aide registry
- A disciplinary action in effect against their professional license by a State licensure body as a result of a finding of abuse, neglect, exploitation, mistreatment of residents, or misappropriation of resident property.<sup>6</sup> See Appendix C for definitions of abuse, neglect, exploitation, and related terms.

Although this provision of Federal regulations does not explicitly require that background checks of Federal or State criminal history records be conducted, the regulation's prohibition on the employment in nursing homes of individuals who have disqualifying histories implicitly means that a criminal history check must be performed to ensure that employees are free from disqualifying offenses based on 42 CFR § 483.12(a)(3). Interpretive guidelines for this regulation from the Centers for Medicare & Medicaid Services (CMS) state that "[f]acilities must be thorough in their investigations of the histories of prospective staff."<sup>7</sup>

### **State Oversight Responsibilities and Survey Process for Nursing Home Background Checks**

As a part of their monitoring activities, State surveyors ensure compliance with the Federal and State background check requirements in their annual surveys of nursing homes. During these annual surveys, the State conducts employee record reviews on a sample of employees

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<sup>6</sup> 42 CFR § 483.12(a)(3)(iii) only addresses applicable disciplinary actions that are in effect against an individual's professional license.

<sup>7</sup> CMS, State Operations Manual, Appendix PP, F606.

(including contracted employees), which includes reviewing certifications and licenses, hiring information, and background checks.

Indiana requires, within 3 business days from the date a person is employed as a nurse aide or other unlicensed employee, an application be submitted to the Indiana Department of Health for a copy of the person's State nurse aide registry report along with a request for a limited criminal history from the Indiana central repository for criminal history information or another source allowed by law (Indiana Code [IC] 16-28-13-4).<sup>8</sup> Indiana prohibits the employment of a person as a nurse aide or other unlicensed employee if the State nurse aide registry report indicates that the person committed an offense, or the criminal history indicates that the person has been convicted of any of the prohibited offenses (IC 16-28-13-5).

## **HOW WE CONDUCTED THIS AUDIT**

We selected a nonstatistical sample of 8 nursing homes in Indiana from a total of 514 nursing homes that received Medicaid funding. The selection of nursing homes was based on several factors, including their score in CMS's Five-Star Quality Rating System for Nursing Homes, and based on the need to include nursing homes that operate in both urban and rural settings.<sup>9</sup> For each of the eight nursing homes, we obtained a list of employees from the State and the nursing homes and verified the list of employees against payroll records to ensure we had a comprehensive list. From the 8 nursing homes, we identified 825 employees for review who were hired during the period February 13, 2022, through February 18, 2025 (audit period). In total, there were 522 licensed and 303 unlicensed employees.

We reviewed each selected nursing home's internal controls, including policies and procedures, and personnel records to determine whether that nursing home properly safeguarded residents from employees who, under the provisions of applicable requirements regarding the employment of individuals with disqualifying backgrounds, were prohibited from being employed by nursing homes. Furthermore, we verified whether the employees' licenses were in good standing by researching public licensing board websites. We reviewed only those internal controls that were significant to our audit objective.

We also reviewed the State's survey process to determine whether the State's oversight was designed to prevent each selected nursing home from employing or otherwise engaging anyone with a history of disqualifying offenses.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain

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<sup>8</sup> Under State law, the health care nursing facilities or the staff contracting agency that provides nurse aides or unlicensed employees to the health care nursing facilities must submit these applications.

<sup>9</sup> CMS developed its Five-Star Quality Rating System for Nursing Homes to provide consumers with an easy way to search for nursing homes to provide the quality of care they desire. Our sample included nursing homes with various ratings.

sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

See Appendix A for the details of our audit scope and methodology.

### FINDING

The State generally ensured that selected nursing homes complied with Federal requirements that prohibit the employment of individuals with disqualifying backgrounds. Specifically, for the 825 nursing home employees we reviewed from the 8 selected nursing homes, all but 13 employees had completed background checks.<sup>10</sup> Table 1 breaks out the results by the eight nursing homes selected for our audit.

**Table 1: Nonstatistical Sample of Nursing Homes – Employee Counts and Background Checks**

Facility	Number of Licensed Employees	Number of Unlicensed Employees	Total Number of Employees	Number of Employees Without Background Checks
1	56	49	105	0
2	66	16	82	0
3	27	17	44	2
4	72	36	108	8
5	94	6	100	0
6	48	13	61	0
7	97	132	229	3
8	62	34	96	0
<b>Total</b>	<b>522</b>	<b>303</b>	<b>825</b>	<b>13</b>

Background checks for 824 nursing home employees had no disqualifying offenses.<sup>11</sup> All 522 employees who were required to have a license because of their occupation had a current license (as of the time of their employment) and did not have any actions taken against their license related to disqualifying offenses. Finally, none of the 825 employees were listed on the

<sup>10</sup> The employees were hired directly or through a contract by a service provider.

<sup>11</sup> Background checks were completed after the date we requested documentation from the nursing homes for 12 of the 13 employees without background checks. The remaining employee was terminated during our review, and a background check application was never submitted for the employee. We did not independently review whether the employee had a disqualifying background as defined under 42 CFR § 483.12(a)(3).

OIG List of Excluded Providers and Entities (LEIE), which would have precluded them from working in a health care setting.

Conversations with nursing home management indicated that they were aware of the background check requirements and believed the background checks were performed for all employees, but some employees' background checks could not be located. Failure by nursing homes to apply for a background check puts vulnerable nursing home residents at risk for abuse, neglect, and exploitation, as the nursing home could employ an individual who had a disqualifying history that was not detected and who was allowed to continue employment.

### **RECOMMENDATION**

We recommend that the Indiana Family and Social Services Administration and the Indiana Department of Health advise nursing homes to verify that employees' background checks are completed and maintain documentation of the completed background checks.

### **STATE COMMENTS**

In written comments on our draft report, the State did not indicate concurrence or nonconcurrence with our recommendation but stated that it would continue to take actions that would address our recommendation. Specifically, it stated that it will continue to ensure compliance with requirements during annual surveys, provide guidance, and remind nursing homes to verify that background checks are completed and to maintain documentation. The State's comments are included in their entirety as Appendix D.

### **OTHER MATTERS**

#### **Criminal History Checks Were Not Always Completed Timely**

Indiana requires, within 3 business days from the date a person is employed as a nurse aide or other unlicensed employee, an application be submitted to request a limited criminal history from the Indiana central repository for criminal history information (IC 16-28-13-4).

During our audit, we noted delays for requesting criminal history checks. Table 2 on the next page shows that 38 employees from the 8 selected nursing homes did not have a criminal history check requested within 3 business days of being employed. All eight nursing homes did not meet this requirement for at least one employee.

**Table 2: Breakdown of Criminal History Checks Past 3 Business Days**

<b>Number of Months Employee Worked Without Facility Applying for a Criminal History Check</b>	<b>Number of Employees</b>
Less than 1 month	23
1 to 6 months	7
7 to 12 months	2
13 to 18 months	3
More than 18 months	3
<b>Total</b>	<b>38</b>

## APPENDIX A: AUDIT SCOPE AND METHODOLOGY

### SCOPE

We selected a nonstatistical sample of 8 nursing homes in Indiana from a total of 514 nursing homes that received Medicaid funding. The selection of nursing homes was based on several factors, including their score in CMS's Five-Star Quality Rating System for Nursing Homes, and based on the need to include nursing homes that operate in both urban and rural settings.<sup>12</sup> For each of the eight nursing homes, we obtained a list of employees from the State and the nursing homes and verified the list of employees against payroll records to ensure we had a comprehensive list. From the 8 nursing homes, we identified 825 employees for review who were hired during the period February 13, 2022, through February 18, 2025 (audit period). In total, there were 522 licensed and 303 unlicensed employees.

We reviewed each selected nursing home's internal controls, including policies and procedures, and personnel records to determine whether that nursing home properly safeguarded residents from employees who, under the provisions of applicable requirements regarding the employment of individuals with disqualifying backgrounds, were prohibited from being employed by nursing homes. Furthermore, we verified whether the employees' licenses were in good standing by researching public licensing board websites. We reviewed only those internal controls that were significant to our audit objective.

We also reviewed the State's survey process to determine whether the State's oversight was designed to prevent each selected nursing home from employing or otherwise engaging anyone with a history of disqualifying offenses.

We conducted our audit work from June 2024 to October 2025.

### METHODOLOGY

We took the following steps to accomplish our objective:

- Reviewed applicable Federal and State requirements
- Interviewed State officials to gain an understanding of the State's oversight of nursing homes' background check processes and internal controls
- Obtained a list of 514 nursing homes in Indiana that received Medicaid funding between January 1, 2021, and October 30, 2022

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<sup>12</sup> CMS developed its Five-Star Quality Rating System for Nursing Homes to provide consumers with an easy way to search for nursing homes to provide the quality of care they desire. Our sample included nursing homes with various ratings.

- Selected a nonstatistical sample of eight nursing homes for review based on:
  - Overall rating in CMS’s Five-Star Quality Rating System<sup>13</sup>
  - Geographic location (i.e., urban, suburban, rural)
  - Health facility survey summary reports listing deficiencies related to neglect, abuse, and exploitation, if applicable<sup>14</sup>
  - Self-reported incidents of neglect, abuse, and exploitation
- Interviewed administrators and other officials from the selected nursing homes to gain an understanding of each nursing home’s background check policies and procedures
- Obtained lists from the State and the eight selected nursing homes of all licensed and unlicensed employees who were employed at the time of our review and who were hired within the previous 3 years
- Verified the list of employees against payroll records from the selected nursing homes, resulting in a total of 825 employees
- Verified whether each of the 825 employees had proof that they:
  - Completed a background check
  - Possessed a license in good standing that was clear of emergency actions, disciplinary actions, and public complaints related to disqualifying offenses<sup>15</sup>
  - Were not listed on the LEIE<sup>16</sup>
- Discussed the results of our audit with State officials

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>13</sup> [CMS Five-Star Quality Rating System](#). Accessed on July 24, 2025.

<sup>14</sup> [Indiana Health Care Providers Consumer Reports](#). Accessed on July 24, 2025.

<sup>15</sup> [Indiana Professional Licensing Agency](#). Accessed on July 24, 2025.

<sup>16</sup> [List of Excluded Individuals/Entities](#). Accessed on July 24, 2025.

**APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>New Jersey Should Improve Its Oversight of Nursing Homes' Compliance With Background Check Requirements</i>	<a href="#"><u>A-02-23-01011</u></a>	12/11/2025
<i>Hawaii Did Not Ensure That Nursing Facilities Complied With Federal and State Background Check Requirements</i>	<a href="#"><u>A-09-23-02003</u></a>	9/5/2025
<i>Alabama Did Not Always Verify Selected Nursing Homes' Compliance With Background Check Requirements</i>	<a href="#"><u>A-04-24-08104</u></a>	8/12/2025
<i>Florida Ensured That Nursing Homes Complied With Federal Background Check Requirements</i>	<a href="#"><u>A-04-23-08100</u></a>	4/26/2024
<i>Louisiana Should Improve Its Oversight of Nursing Homes' Compliance With Requirements That Prohibit Employment of Individuals With Disqualifying Background Checks</i>	<a href="#"><u>A-06-21-02000</u></a>	11/29/2023
<i>National Background Check Program for Long-Term-Care Providers: An Interim Assessment</i>	<a href="#"><u>OEI-07-20-00181</u></a>	5/9/2022
<i>National Background Check Program for Long-Term-Care Providers: Assessment of State Programs Concluded in 2019</i>	<a href="#"><u>OEI-07-20-00180</u></a>	9/2/2020
<i>National Background Check Program for Long-Term-Care Providers: Assessment of State Programs Concluded in 2017 and 2018</i>	<a href="#"><u>OEI-07-18-00290</u></a>	8/21/2019
<i>National Background Check Program for Long-Term-Care Providers: Assessment of State Programs Concluded Between 2013 and 2016</i>	<a href="#"><u>OEI-07-16-00160</u></a>	4/22/2019
<i>National Background Check Program for Long-Term-Care Employees: Interim Report</i>	<a href="#"><u>OEI-07-10-00420</u></a>	1/19/2016

## APPENDIX C: GLOSSARY OF DEFINITIONS

The terms “abuse,” “neglect,” “exploitation,” “mistreatment,” and “misappropriation of resident property” are defined under Federal regulations (42 CFR § 483.5) as follows (*italics in original*):

- *Abuse* is the willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm, pain, or mental anguish. Abuse also includes the deprivation by an individual, including a caretaker, of goods or services that are necessary to attain or maintain physical, mental, and psychosocial well-being. Instances of abuse of all residents, irrespective of any mental or physical condition, cause physical harm, pain, or mental anguish. It includes verbal abuse, sexual abuse, physical abuse, and mental abuse including abuse facilitated or enabled through the use of technology. *Willful*, as used in this definition of abuse, means the individual must have acted deliberately, not that the individual must have intended to inflict injury or harm.
- *Neglect* is the failure of the [nursing home], its employees or service providers to provide goods and services to a resident that are necessary to avoid physical harm, pain, mental anguish, or emotional distress.
- *Exploitation* means taking advantage of a resident for personal gain through the use of manipulation, intimidation, threats, or coercion.
- *Mistreatment* means inappropriate treatment or exploitation of a resident.
- *Misappropriation of resident property* means the deliberate misplacement; exploitation; or wrongful, temporary, or permanent use of a resident’s belongings or money without the resident’s consent.

## APPENDIX D: STATE COMMENTS



Mike Braun  
Governor

Lindsay M. Weaver, MD, FACEP  
State Health Commissioner

January 15, 2026

Sheri Fulcher  
Regional Inspector General for Audit Services  
OFFICE OF AUDIT SERVICES, REGION V  
233 NORTH MICHIGAN AVENUE, SUITE 802  
CHICAGO, IL 60601

Report number: A-05-24-00011

Dear Ms. Fulcher,

The Indiana Department of Health (IDOH) Division of Long-Term Care has reviewed the Department of Health and Human Services, Office of Inspector General (OIG), draft report *Indiana Generally Ensured That Selected Nursing Homes Complied With Federal Background Check Requirements*.

We agree background checks for nursing home employees is a vital safety measure that can help protect our nursing home residents. We will continue to ensure compliance with federal and state requirements during our annual surveys, provide guidance, and remind nursing homes to verify that employees' background checks are completed and to maintain documentation of the completed background checks.

The IDOH Division of Long-Term Care appreciates the opportunity to review the draft report and respond to this audit.

Sincerely,

A handwritten signature in black ink that reads 'Suzanne Kuzemka'.

Suzanne Kuzemka, Director  
Division of Long-Term Care  
Indiana Department of Health

To **promote**, **protect**, and **improve** the health and safety of all Hoosiers.

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