Can CMS terminate a hospital’s Medicare agreement over facility issues?

THE DIRECT ANSWER

Yes — but termination is the last resort, not the first move. Under 42 CFR 489.53 , CMS may terminate a hospital's Medicare provider agreement for failure to meet the Conditions of Participation, including the physical environment and Life Safety from Fire conditions. Before termination, CMS must give notice and an opportunity to correct — the process is designed to produce correction, with a graduated set of lesser remedies tried first.

THE REMEDIES SHORT OF TERMINATION

- Directed plans of correction — CMS dictates what must be fixed and by when
- Denial of payment for new admissions — the financial pressure valve
- Civil money penalties — per-day fines that accumulate until correction
- Temporary management — CMS installs oversight when leadership can't or won't correct
- Directed in-service training — for systemic competency failures

HOW TERMINATION ACTUALLY WORKS

- When lesser remedies fail — or for Immediate Jeopardy that isn't promptly removed — CMS issues notice of its intent to terminate. The notice states the reasons and the effective date, and CMS gives concurrent notice to the public.

FIELD QUESTION

What regulation governs CMS termination of provider agreements?
42 CFR 489.53 — Termination by CMS. Appeals go through 42 CFR Part 498.

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Caution: codes, editions, and targets vary by facility and authority having jurisdiction (AHJ). Figures marked as common practice are facility targets, not code requirements. Confirm against your AHJ and the current code text before acting.