Abstract: This paper studies the impact of regulatory stringency, as measured by the statewide deficiency citation rate over the past year, on the quality of care provided in a national sample of nursing homes from 2000 to 2005. The quality measure used is the proportion of residents who are using antipsychotic medication. Although the changing case-mix of nursing home residents accounts for some of the increase in the use of antipsychotics, we find that reliance on antipsychotics by nursing homes is responsive to state regulatory enforcement. Nursing homes reduce their use of antipsychotics in response to the number and type of deficiencies received by facilities in the state.