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Attorney General Bonta Secures \$1.53 Million Settlement with One of Nation's Largest Hospital Systems for Unlawful Training Repayment Agreements with Nurses

Press Release / *Attorney General Bonta Secures \$1.53 Million Settlement with...*

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Settlement signals the steadfast commitment of California and its state partners to the robust enforcement of worker and consumer protection laws

SAN FRANCISCO — California Attorney General Rob Bonta today announced a settlement with HCA Healthcare, Inc. and Health Trust Workforce Solutions, LLC (together, HCA), resolving allegations that HCA unlawfully required entry-level nurse employees to repay the cost of a mandatory training program if they did not remain employed with the company for two years. HCA is one of the nation's largest hospital systems and has several hospitals in northern and southern California. Today's

settlement is the result of a years-long investigation by Attorney General Bonta and the attorneys general of Colorado and Nevada, working in partnership with the Biden Administration's Consumer Financial Protection Bureau. The states' investigation found that HCA violated California employment and consumer protection laws as well as the federal consumer financial protection laws by using training repayment agreement provisions (TRAPs) in nurses' employment contracts. These TRAPs are a form of employer-driven debt, or debt obligations incurred by individuals through employment arrangements.

"All too often, employer-driven debt forces workers to remain in jobs that they would otherwise leave. That's not just wrong; it's illegal under state and federal law. Workers must be able to pursue better pay and better working conditions — not be trapped by debt that their employer makes them take out," **said Attorney General Rob Bonta**. "I'm grateful to my fellow attorneys general in Colorado and Nevada for their partnership. With today's settlement, we are taking a stand for workers in our states by holding HCA Healthcare accountable — ensuring that all affected nurses are made whole financially, that the company pays a penalty for its wrongdoing, and that the company is subject to strong injunctive terms to deter future misconduct."

"California Nurses Association and our national union, National Nurses United, want to thank Attorney General Bonta for his leadership in addressing this growing trend of employers, such as HCA, using debt repayment contracts to lock nurses and other workers into jobs," **said Sandy Reding, RN and a president of the California Nurses Association**. "HCA, the largest for-profit hospital system in the country, has a shameful track record of using predatory stay-or-pay contracts, or Training Repayment Agreement Provisions (TRAPS), which handcuff nurses to our employers through the threat of serious financial consequences or ruin. No nurses and no other workers should be locked into a job under the weight of debt to their employer."

"The Attorney General has found that HCA's StaRN scheme violated the law and exploited new nurses in the process. As the largest hospital system in the US, HCA should strive to make nursing a rewarding career, not punish new nurses by entrapping them in debt," **said Rosanna Mendez, Executive Director, SEIU 121RN.** "Attorney General Bonta's action demonstrates that he strongly supports California's frontline healthcare workers, even when it means taking on a large and powerful corporation."

"The StaRN program put new nurses under HCA's thumb, harming nurses' morale at a time when we need them the most," **said Leo Perez, President, SEIU 121RN.** "HCA is notorious for prioritizing profit over employee well-being. We are hopeful that this settlement will encourage them to reevaluate those priorities."

"We stand with Attorney General Bonta in sending a clear message: Nurses should never be forced into debt just to launch their careers," **said Charmaine S. Morales, RN, President of United Nurses Associations of California/Union of Health Care Professionals.** "As advocates who understand the real pressures nurses face, we support this settlement as a powerful step toward holding corporations accountable and protecting the dignity of our profession."

As a condition of employment at an HCA hospital, HCA generally requires that entry-level nurse employees complete the Specialty Training Apprenticeship for Registered Nurses (StaRN) Residency Program. The company has advertised StaRN as an avenue for entry-level RNs to get the education and training they need to land their first nursing jobs in an acute-care hospital setting, although StaRN does not provide nurses with education or training necessary for licensure as an RN. Until the Spring of 2023, HCA required that RNs hired through the StaRN program at facilities in several states, including California, sign a TRAP agreement in their new-hire paperwork. The TRAPs purported to require nurses to

repay a prorated portion of the StaRN “value” if they did not work for HCA for two years. If a nurse left HCA before the end of the two-year period, then the TRAP loan was typically sent to debt collection.

HCA imposed TRAPs on nurses who worked at their five hospitals in California: Good Samaritan Hospital in San Jose; Regional Medical Center in San Jose; Los Robles Regional Medical Center in Thousand Oaks; Riverside Community Hospital in Riverside; and West Hills Hospital & Medical Center in West Hills (no longer under HCA ownership).

Under California’s settlement, HCA will:

- Pay approximately \$83,000 to provide full restitution to California nurses who made payments on their TRAP debt to HCA.
- Be prohibited from imposing TRAPs on nurse employees and attempting to collect on the approximately \$288,000 in outstanding TRAP debt incurred by California nurses who signed TRAPs with HCA.
- Pay \$1,162,900 in penalties to California.

HCA will pay a total of \$2,900,000 in penalties under settlements filed in California, Colorado, and Nevada today.

Employer-driven debt refers to debt incurred by individuals through employment arrangements. This can include arrangements where an employer provides training, equipment, or supplies to a worker, but requires the worker to reimburse the employer for these expenses if the worker leaves their job before a certain date. Employer-driven debt has grown not only in the healthcare industry but also in the trucking, aviation, and the retail and service industries, among others. However, California workers are protected by state law that restricts the use of employer-driven debt, as Attorney General

Bonta highlighted in a legal alert issued in July 2023 and a consumer alert in October 2024. Workers who believe their rights have been violated are encouraged to file a complaint at oag.ca.gov/report.

Attorney General Bonta is committed to ensuring California continues its vital work as a pillar of consumer protection enforcement and an outspoken advocate for robust federal protections. The settlement today comes on the heels of the 15th anniversary of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted in the wake of the 2008 financial crisis to protect consumers from abusive financial services practices. The Dodd-Frank Act also authorizes state attorneys general to enforce its provisions and thereby promote stability, accountability, and transparency in the United States financial system.

Attorney General Bonta proudly supports Assembly Bill 692 (AB 692, Kalra), co-sponsored by the California Nurses Association, which would prohibit employment contracts that require workers to pay their employers a debt if they leave their job, regardless of whether that worker was fired, laid off, or quit.

A copy of the complaint can be found [here](#) and a copy of the proposed judgment, subject to court approval, can be found [here](#).

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