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Seattle Delays I-124 Medical Requirements

09.13.18 01.07.26

Pending the results of a lawsuit challenging the medical requirements under the Hotel Employees Health and Safety Initiative ("I-124"), the City of Seattle has agreed to delay enforcement of Part 3 of that law. Part 3 requires hotels with 100 or more guest rooms to provide insurance at no greater than 5% of medical costs to certain low wage workers, as defined under I-124. If a low wage employee does not enroll in insurance or pays more than 5% of wages toward insurance costs, the hotel employer is required to provide a healthcare subsidy to the employee.

In August 2018, the ERISA Industry Committee ("ERIC") brought the lawsuit challenging Part 3 of I-124. ERIC asserts that Section 3's provisions are preempted by the federal benefits law known as ERISA. The City and ERIC have stipulated to an agreement that the City of Seattle will not enforce Part 3 of the law through the end of 2018 while they navigate litigation of the issue in federal court.

Hoteliers impacted by I-124 should take heed that the City will continue to enforce all other aspects of I-124. Further, while the City has elected not to pursue enforcement of Part 3 at this time, employees are still entitled to pursue lawsuits directly through the courts rather than seek enforcement by the City of Seattle. Finally, should the courts find that Part 3 is not preempted by ERISA, hotel employers could still face penalties if they fail to comply with Part 3's provisions, primarily failing to pay subsidies to eligible employees. Penalties can range from \$100 to \$1,000 per day and may be applied retroactively to cover any periods of noncompliance.

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