2013 Benefits Enrollment

October 2012

Dear Owner/Operator:

Annual Enrollment for 2013 benefits has begun. The material included in your enrollment kit outlines important steps you must take and details about what is new for next year; please read all of this information carefully.

With the Supreme Court’s ruling this year to uphold the individual mandate provision of the Patient Protection and Affordable Care Act, health care reform continues to be a key area of focus for the National Operators Insurance Team (NOIT). NOIT is working to build a support structure that makes it easy for all Owner/Operators to get the information and education you need so you can make decisions about the benefits you offer to your employees in the future. At the same time, NOIT is evolving the McDonald’s Licensees Health & Welfare Plan (the “Plan”) for 2014 so it provides options to help our fellow Owner/Operators comply with health care reform law while easing administrative burden wherever possible. While the plan design options may not be relevant for Hawaii, you will still be subject to a similar administrative burden as mainland Owner/Operators. Watch for much more information on this later in 2012 and next year.

As we move into 2013, the Plan is pleased to continue offering superior value and outstanding benefit choices designed specifically for Owner/Operators like you. If you do not participate in the Plan today, Annual Enrollment is the time each year when all Owner/Operators can elect to offer the Plan, which allows you as an Owner/Operator to determine your minimum eligibility requirements and the benefits you will offer to your employees.

Ultimately, the Plan is designed to ensure that every Owner/Operator has access to a best-in-class health and welfare benefit program that they can offer to their employees. A few other important points about the Plan:

- **The Plan functions financially like a self-insured health plan.** We leverage the size and scope of the McDonald’s system to ensure that Owner/Operators get the best pricing and options available.

- **The Plan does not require medical underwriting.** You will never be asked to complete medical questionnaires on your employees in order to participate in the Plan.

- **There are no minimum participation or contribution requirements within the Plan.** If you make the Plan available to all of your employees, you don’t need to subsidize at a certain level or enroll a certain percentage of your employees in order to maintain your ability to offer the Plan.

As an Owner/Operator in Hawaii, you are only eligible to enroll in the $100 deductible medical plan. Therefore, the six medical plan options detailed in the enclosed brochure do not apply to you. If you have any questions on this, please contact Mercer at (866) 881-6646.

**What’s New for 2013**

- **Update your Adoption Agreement for 2013 online.** The Plan enhanced our website this fall to allow participating Owner/Operators the ability to view and update their Adoption Agreements online. If you have not already visited your personalized site, learn how in the enclosed flyer.

- **You can set a different minimum hours worked requirement for medical coverage than for all other benefits coverage — providing even more flexibility as you set benefits eligibility requirements for your employees.** Make changes by updating your Adoption Agreement for 2013.

- **The Plan will no longer be eligible for grandfathered status beginning in 2013.** If you offer the Plan, this means you have flexibility to make changes to the benefits you offer and/or to any premium subsidy you may provide. Learn more about grandfathered status in the enclosed Health Care Reform flyer.

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To comply with health care reform law, all employees who are eligible for the Plan must receive a new Summary of Benefits and Coverage (SBC) document during this Annual Enrollment. Please distribute the enclosed one-page flyer about how to access the Plan's SBC(s) to your benefits-eligible employees. Learn more about SBCs in the enclosed Health Care Reform flyer.

New for 2012, you will be required to report the total cost of your health coverage on employees' Forms W-2. If you offer the Plan, we will provide the cost data you need in late 2012.

Please refer to the enclosed information for more details on these and other changes for 2013.

How to Enroll

If you want to continue participation in the Plan for 2013, review the Enrollment Checklist below. Update your Adoption Agreement online by logging into your personalized website at www.mcdlicenseebenefits.com by November 16, 2012. Alternatively, you can complete and return the enclosed Adoption Agreement to Mercer by the deadline. Please note: If you update your Adoption Agreement online, you do not need to complete and return a hard copy.

You can return your enrollment forms any time before December 21, 2012, but returning them as soon as possible will ensure that any new enrollees receive ID cards before or shortly after January 1, 2013.

If you are not currently participating in the Plan and want to enroll for 2013, please complete the enclosed Adoption Agreement, Letter of Intent and enrollment forms and fax them to Dawn Pasaye at (212) 948-1014 any time before December 21, 2012. If you have questions, call Dawn Pasaye at (708) 552-5349.

Enrollment Checklist

Carefully review the list below before returning your forms to ensure you've completed all necessary steps. Consider using the fillable PDF versions of these forms available at www.mcdlicenseebenefits.com to ease enrollment administration.

☐ Adoption Agreement — Update online (www.mcdlicenseebenefits.com) by November 16, 2012
Alternatively, you can review the enclosed Adoption Agreement and provide Mercer with any changes you wish to make at this time and sign, date and return it via fax as soon as possible. The fax number for Mercer is (319) 887-4114. Please note: If you update your Adoption Agreement online, you do not need to complete and return a hard copy.

☐ Enrollment / Change Forms — Complete and return by December 21, 2012
Submit a fully completed Enrollment / Change Form for each eligible employee who wants to enroll during Annual Enrollment or who wishes to make changes to their current coverage. Proof of age is required for medical, short-term and long-term disability, and supplemental term life insurance coverage.

Fully completed Enrollment / Change Forms include both Owner/Operator and employee signatures. Incomplete forms will be pended and missing information will be requested, delaying processing. If you have any questions, please contact Mercer at (866) 881-6646.

Important Enrollment Tips:

✓ Fax your enrollment forms to Mercer at (319) 887-4114 and keep your confirmation sheet. Note that if you fax your enrollment forms, you do not need to mail a hard copy. If you mail your forms, please allow two weeks before calling Mercer to ensure receipt.
✓ If you add new coverage(s) to your Adoption Agreement, you also need to complete an Enrollment / Change Form for each eligible employee who should receive the new benefits by December 21, 2012.
✓ During enrollment, please check to make sure your and your employees' phone numbers, physical and email addresses are accurate.

We look forward to continuing to serve your benefit needs.

Sincerely,
National Operators Insurance Team (NOIT)

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