



FLEXIBLE SPENDING

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NEW OTC GUIDANCE PER IRS NOTICE 2011-5

We want to share new Internal Revenue Service (IRS) guidance per Notice 2011-5. The full notice can be found on our website at www.csfsa.com. Participants may login and access this announcement and the full notice under the Forms section.

Your Continuon Services Debit Card can continue to be used to purchase over-the-counter (OTC) medications at drug stores, pharmacies and mail order or web-based vendors after January 15, 2011. The IRS has issued additional guidance that indicates five (5) criteria must be met:

1. The prescription for OTC item(s) must be presented to and dispensed by a pharmacist. The prescription OTC item(s) must be assigned an RX number.
2. The pharmacy or other vendor must retain a record of the RX number, name of purchaser (or name on the prescription), the date and amount of the purchase in accordance with IRS requirements.
3. All records must be available to the employer or its agent upon request (i.e. Continuon Services, LLC).
4. The debit card system will not accept a charge for an OTC item(s) or drug(s) unless an RX number has been assigned to it.
5. If these above requirements are met, the debit card transaction will be considered fully substantiated at the time of point-of-sale.

SIGIS is evaluating their member merchants' compliance with the above criteria. Continuon Services, LLC expects to have additional information in January. We will continue to post updates here at www.csfsa.com and within the participant portal.

Walgreens is currently in compliance with all five of the criteria above.

If you have any questions or need additional information, please contact Continuon Services, LLC at 1-877-747-4141.

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