

# FSA and Commuter Benefits

For Leidos Employees

June 24, 2025



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# Ask yourself:

How well do you  
understand your  
insurance?

# Copay plan

- Under this insurance plan, you'll pay copays until your plan deductible is met.
- After meeting your deductible, you'll pay coinsurance up to the out-of-pocket maximum.
- Copay plans typically have lower deductibles compared to a high-deductible health plan (CDHP or HDHP), with a higher premium.
- Preventive care is 100% covered even before you reach your annual deductible.
- You can pair with an FSA to pay for healthcare expenses not paid by your insurance.
- FSAs allow tax savings for contributions made through payroll.
- FSAs enable you to pay for healthcare expenses using tax-free dollars.

**Note:** You can not pair an HSA with this plan option.



**Premium**



**Deductible**

# High-deductible health plan (HDHP)/ Consumer-directed health plan (CDHP)

- Under this insurance plan, you'll pay out of pocket for non-preventive services until you reach your plan deductible.
- After meeting your deductible, you'll pay coinsurance up to the out-of-pocket maximum.
- HDHPs/CDHPs tend to have a higher deductible compared to a copay plan, but a lower premium.
- Preventative care is 100% covered even before you reach your annual deductible.
- You can pair with an HSA and Limited Purpose FSA (LPFSA) to pay for healthcare vision, and dental expenses not paid by your insurance.
- HSAs and FSAs enable you to pay for healthcare expenses using tax-free dollars.



**Premium**



**Deductible**

# Insurance terms

## **Premium**

Monthly or per pay period fee you pay for your health insurance.

## **Deductible**

Amount you pay for covered expenses prior to insurance.

## **Out-of-pocket max**

The maximum amount you pay annually for healthcare expenses.

## **Copayment (Copay)**

A fixed dollar amount you pay for covered health services. Copays are common for prescriptions, office visits, emergency room visits and more.

## **Coinsurance**

After your deductible is met, you're responsible to pay for a percentage of covered services up to out-of-pocket maximum.

## **Embedded deductible**

Each family member has their own deductible in addition to a family deductible. If one family member reaches their deductible prior to the family deductible being met, additional expenses for that family member will be paid through insurance.

## **Non-embedded (Aggregate) deductible**

No individual deductible, all expenses go toward the family deductible.

# Consider all factors when selecting your health plan

	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Who “owns” the account?	YOU!	Leidos
Who can contribute to account?	You, Leidos, Third Party (i.e., spouse, parent, etc.)	You
Is substantiation required?	No. However, we recommend you retain receipts in event of an IRS audit*	Yes, third party substantiation required for payment unless auto-substantiated
Must have health plan?	Yes, coverage by a qualified consumer-directed health plan (CDHP) required	Yes, other group health plan coverage, not limited to excepted benefits, must be made available
Other health plan allowed?	Only certain permissible coverage such as dental or limited purpose plan(s)*	Yes

\*HSA distributions for purposes other than qualified medical expenses defined in IRC § 213(d) may be subject to income and penalty taxes.

\*\*Dental, vision, accident, disability, long-term care, workers' compensation, specified disease or illness, fixed dollar hospitalization, and certain deductible plans. 2017 N.

# Consider all factors when selecting your health plan

	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Tax benefits?	Contributions, earnings, and distributions for IRS-qualified medical expenses are tax-free*	Contributions and claim reimbursements are tax-free
Can you rollover unused dollars?	Yes, funds ALWAYS belong to the account owner	You can rollover a portion of unused funds, up to annual IRS rollover limit
Access to funds after termination?	Yes. When you leave employment or retire, you maintain ownership of your HSA.	When you leave employment, you do not remain eligible for an FSA, though limited COBRA rights may be available
Can account be used for retirement income?	Yes. After age 65, you can withdraw funds for any reason without penalty; distributions will be taxed as income if not used for IRS-qualified medical expenses.	No

\*Free of Federal Income Tax and State Income Tax in most states.

# Ask yourself:

How can I identify  
a plan that fits my  
needs?





# Save money with Spending Accounts

- ✓ Healthcare FSA (HC-FSA)
- ✓ Limited Purpose FSA (LP-FSA)
- ✓ Dependent Care FSA (DC-FSA)
- ✓ Commuter Benefit Program (CBP)
  - ✓ Transit
  - ✓ Parking

# What is an FSA and how does it work?

1

**Money goes  
into your FSA –  
pre-tax  
deductions  
from your  
paycheck**

2

**Use your FSA dollars  
to pay for eligible  
expenses**

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## Did you know?

You may participate in Healthcare FSA if you are enrolled in a non-CDHP medical plan.

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You may participate in Limited Purpose FSA  
If you are enrolled in a CDHP medical plan.

You may participate in Dependent Care FSA  
regardless of your medical plan.

# FSA's

An employer-sponsored account allowing you to set aside pre-tax dollars for eligible expenses.

You don't pay federal or FICA taxes on deposits into the account; many state taxes are also exempt.

Pre-tax funds are deducted from each paycheck and automatically deposited into the FSA.

Associated with a specific plan year and **requires** annual election and enrollment.

## HC-FSA

- Reimbursement for medical, dental, vision, mental health, prescription, and other allowed services or products
- Offered alongside non-CDHP medical plans.

## LP-FSA

- Reimbursement for dental, vision only
- Offered alongside a CDHP medical plan
- Offered in conjunction with an HSA
- Great option if you or your tax dependents need eyeglasses or orthodontia

# IRS-qualified expenses – Publication 502

[hsabank.com/Leidos](https://hsabank.com/Leidos)    [Expense-Eligibility.pdf](#)

## Common IRS-qualified healthcare expenses

Acupuncture	Guide dogs	Physical therapy
Ambulance	Hearing aids and batteries	Special education services for learning disabilities (recommended by a doctor)
Artificial limbs	Infertility treatment	Speech therapy
Artificial teeth*	Inpatient alcoholism treatment	Stop-smoking programs (including nicotine gum or patches, if prescribed)
Birth control treatment	Insulin	Surgery, excluding cosmetic surgery
Blood sugar test kits for diabetics	Laboratory fees	Vaccines
Breast pumps and lactation supplies	Laser eye surgery*	Vasectomy
Chiropractor	Medical alert bracelet	Vision exam*
Contact lenses and solutions*	Medical records charges	Walker, cane
Crutches	Menstrual care products	Wheelchair
Dental treatments (including X-rays, cleanings, fillings, sealants, braces and tooth removals*)	Midwife	
Doctor's office visits and co-pays	Occlusal guards to prevent teeth grinding	
Drug addiction treatment	Orthodontics*	
Drug prescriptions	Orthotic Inserts (custom or off the shelf)	
Eyeglasses (Rx and reading)*	Over-the-counter medicines and drugs (see examples below)	
Fluoride treatments*		
Flu shots		

## Common over-the-counter (OTC) medicines

Acid controllers	Eye drops*	Ointments for cuts, burns or rashes
Acne medicine	Feminine antifungal or anti-itch products	Pain relievers, such as aspirin or ibuprofen
Aids for indigestion	Hemorrhoid treatment	Sleep aids
Allergy and sinus medicine	Laxatives or stool softeners	Stomach remedies
Anti-diarrheal medicine	Lice treatments	
Baby rash ointment	Motion sickness medicines	
Cold and flu medicine	Nasal sprays or drops	



# IRS-qualified expenses – Publication 502

[hsabank.com/Leidos](https://hsabank.com/Leidos) [Expense-Eligibility.pdf](#)

## **Services and products that may be eligible with a Letter of Medical Necessity completed**

Weight-loss program  
only if it is a treatment for a specific  
disease diagnosed by a physician (e.g.,  
obesity, hypertension, heart disease)  
Compression hosiery/socks,  
antiembolism socks or hose

Massage treatment for specific ailment  
or diagnosis  
CPR classes for adult or child

Improvements or special  
equipment added to a home or  
other capital expenditures for a  
physically handicapped person

## **Ineligible expenses**

Aromatherapy  
Baby bottles and cups  
Baby oil  
Baby wipes  
Breast enhancement  
Cosmetics and skin care

Cotton swabs  
Dental floss  
Deodorants  
Hair re-growth supplies and/or services  
Health club membership dues  
Humidifier

Lotion  
Low-calorie foods  
Mouthwash  
Petroleum jelly  
Shampoo and conditioner  
Spa salts

# IRS-qualified expenses – Publication 502

[hsabank.com/Leidos](https://hsabank.com/Leidos) [Expense-Eligibility.pdf](#)

## Eligible dependent care expenses

Au pair services  
Babysitting services  
Before-and after-school programs

Custodial or eldercare expenses, in-home or daycare center (not medical care)  
Nursery school

Pre-kindergarten  
Summer day camp (not educational in nature)

## Ineligible dependent care expenses

Clothing  
Food/meals  
Kindergarten and higher education/tuition expenses  
Overnight camp

# LP-FSA: IRS-qualified healthcare expenses

LP-FSA funds are available for certain IRS-qualified healthcare expenses, as described in your employee plan document. Such expenses may include:

## [FSA Resources](#)

- Eye exams
- Prescription eyewear
- Prescription contact lenses
- Contact lens solution
- Vision correction surgery
- Cleanings
- Fillings
- Crowns
- Braces
- Dentures

# DC-FSA: IRS-qualified expenses

A tax dependent who is under age 13.

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Any other tax dependent, such as an elderly parent, who is physically or mentally incapable of self-care and has the same residence as the you.

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A spouse who's physically or mentally incapable of self-care and has the same residence as you.



# DC-FSA: IRS-qualified expenses

If permitted by your plan, the following are examples of expenses that may be covered by a DC-FSA:

## Summer Day Camp

The cost of day-camp is reimbursable. HSA Bank can accept claims for pre-paid day camp **up to 5 days prior to the start of service.**

## After-school care

The cost of after-school care (i.e., following the end of the school day) is reimbursable. The primary purpose must be for care of the child and not for education.

## Adult daycare

The expenses don't cover medical care; and the adult must regularly spend at least eight hours each day in the employee's home.

## Au pair

Amounts paid to an au pair are reimbursable. This includes contract fees, background fees, and up-front fees if the agency requires them and the au pair has been hired. Note: Pre-paid fees are prorated throughout the period.

# The benefits of FSA

## Average tax savings per \$100

Federal income tax	25%	\$25.00
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State income tax	5%	\$5.00
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FICA	7.65%	\$7.65
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This example is for illustrative purposes only.

**\$37.65**

in savings per  
paycheck

# Make the most of your FSA

## Maximize tax savings:

1

**Consider** your utilization and needs

2

**Elect** based on your healthcare needs

3

**Locate and purchase** allowed items at [www.fsastore.com](http://www.fsastore.com) or at HSA Bank's Amazon storefront

4

**Connect** an external bank account to facilitate claims reimbursement

5

### **Avoid forfeitures!**

- ✓ Use HC-FSA and LP-FSA dollars minus rollover amount by end of year
- ✓ File claims by 04/30 of the following year

# Another way to locate and purchase allowed items

Access the storefront on the Member Website and you can:

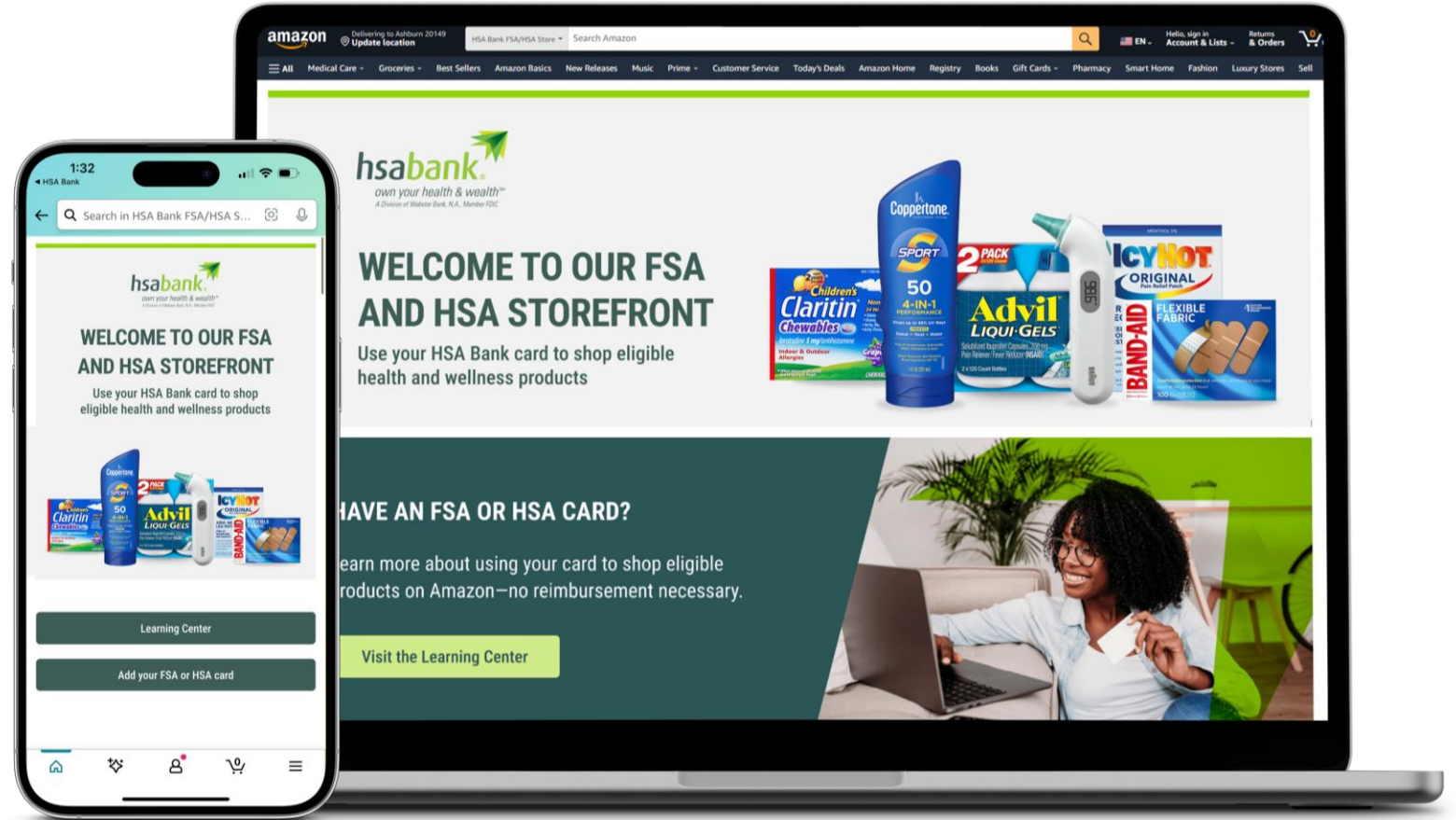
Save money when you use FSA and HSA tax-advantaged funds



Simplify purchasing eligible healthcare products and promote wellness



Build your understanding FSA and HSA eligible products



# How to use FSA to pay for allowed items

# Claim reimbursement for your FSA

Learn about the claim submission process, substantiation requirements and what to do in the case of a claim denial.



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# Reimbursements that don't require receipts (auto-substantiation)

Your FSA expense may be auto-substantiated if you used your HSA Bank debit card in one of these ways:



**At a pharmacy checkout counter with an Inventory Information Approval System (IIAS) register, which is most pharmacies today** – IRS-qualified purchases are immediately verified, and your claim shows as paid in the Member Website.



**You paid your plan copay upfront at the doctor's office** – It's automatically paid.



**Your payment is recurring** – You need to submit the first receipt with the *Recurring Receipt Form* (typically for orthodontics) or the *Recurring Dependent Care Request Form* for daycare services.

# Reimbursements that require receipts

1

**You paid upfront at the doctor's office but it's not a standard copay amount.**

2

**You paid for an eligible expense at the front retail counter instead of the pharmacy counter.**

3

**You paid with a credit card or check.**





# How to submit a receipt

1

Through the  
HSA Bank app

2

Through the  
Member Website

3

By mail

4

By fax

# 5 receipt must-haves for reimbursement

A simple debit card receipt may not necessarily include the required information for substantiation. When submitting your receipt, keep in mind these 5 must-have items of information required for reimbursement:

1

Provider or retailer name

2

Date of expense

3

Description of expense

4

Amount paid for product or service not covered by insurance

5

The name of the person who received the product or service

# How to file a claim online or in the app

## **Step 1:**

Log in at **myaccounts.hsabank.com**

## **Step 2:**

Go to “Manage Expenses.”

## **Step 3:**

Enter expense details and upload your receipt.

## **Step 4:**

Submit your expense for reimbursement.

# How to file by email, mail or fax

## **Step 1:**

Download the form

## **Step 2:**

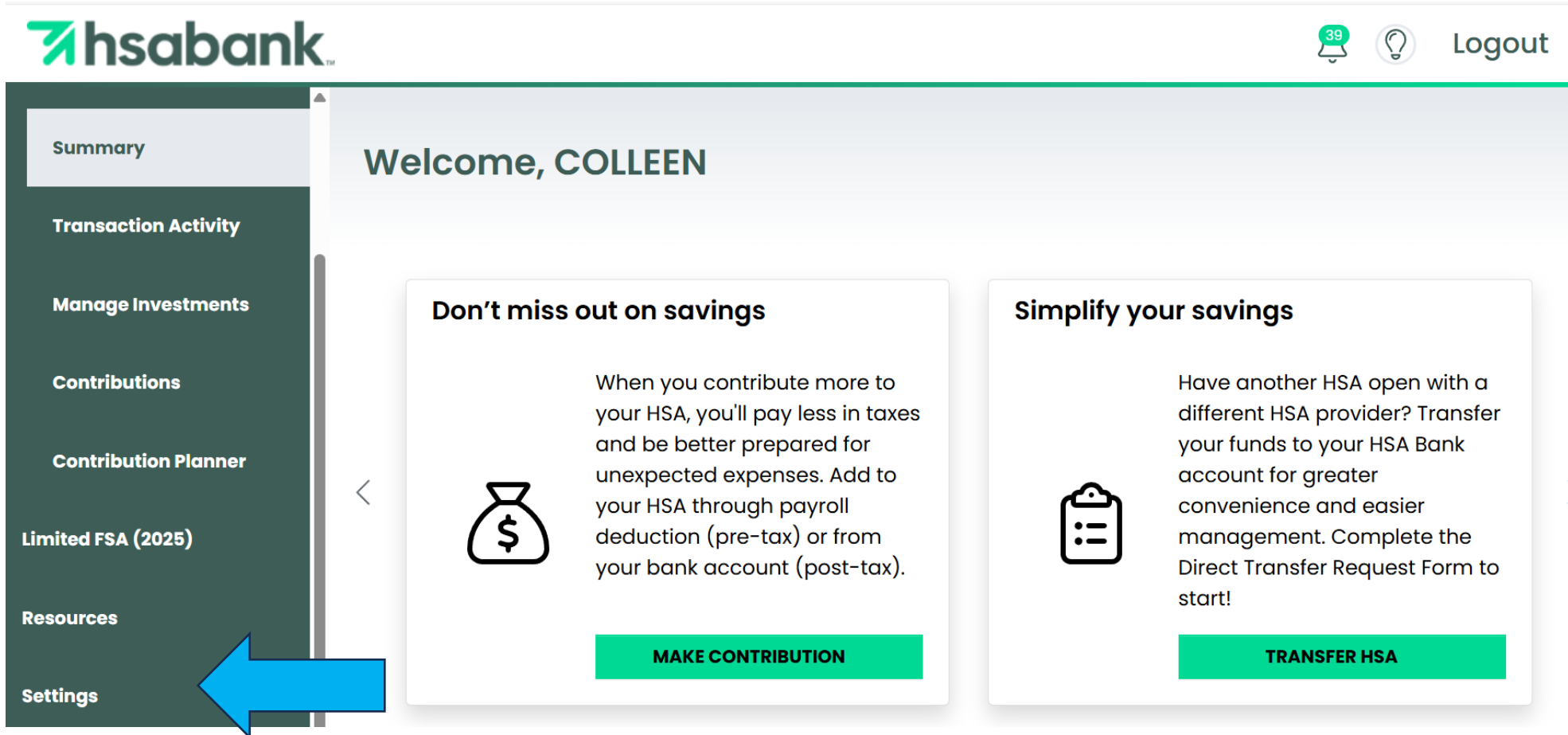
Complete required information

## **Step 3:**

Submit the form by email to [hsaforms@hsabank.com](mailto:hsaforms@hsabank.com), fax to 855-764-5689 or mail to HSA Bank, P.O. Box 2744, Fargo, ND 58108-2744.

# Set up direct deposit in the Member Website

# How to Link an External Bank Account to HSA



Login to your Account at [www.hsabank.com](https://www.hsabank.com)

On Left Menu, click "Settings"

# How to link an external bank account to HSA

## Settings

My Profile

Debit Cards

**Linked Accounts**

Insurance

Security

Preferences

### Your Linked Accounts and Debit Cards

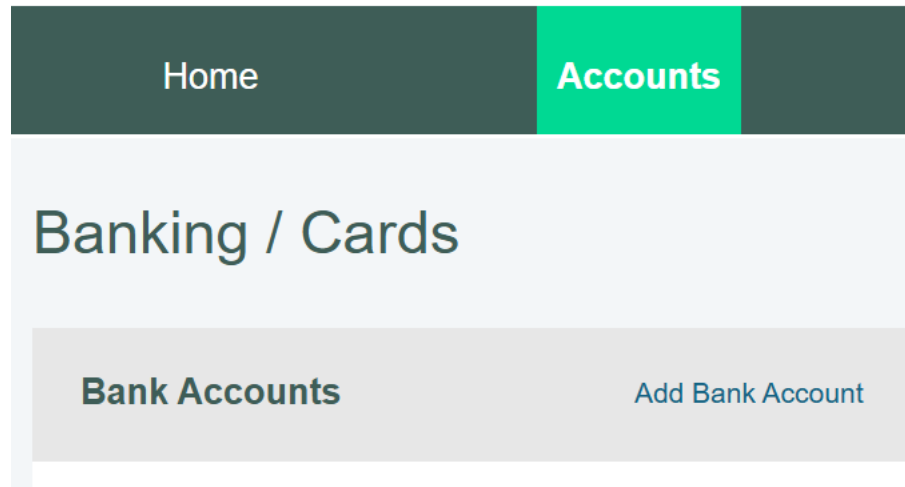
View and manage your linked bank accounts and debit cards

**MANAGE ACCOUNT**



Under  
“Linked Accounts”  
Click  
“Manage Account”

# How to Link External Bank Account to HSA



In the “Accounts” Section, Find “Bank Accounts”  
And click “Add Bank Account”



# Banking / Add Bank Account

## Bank Account Information

Routing Number \*

?

Account Number \*

Confirm Account Number \*

Account Type \*

Checking

Account Nickname \*

?

## Bank Institution Information

Bank Name \*

Bank Address \*

Address Line 1

City

Select a state...

Zip Code

Cancel

Submit

Enter Your Bank’s Information, then click “Submit”

Now, you can easily transfer funds from Your HSA to your external bank account to reimburse yourself for out of pocket Spend on allowed items – even years later.

# Why claims are denied and next steps

1

Your submission doesn't meet the IRS substantiation requirements.

2

The product or service purchased is ineligible under IRS guidelines or the plan terms.

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**1. Your Explanation of Benefits (EOB) from your medical carrier includes all required elements to process an FSA claim**

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**2. Check resources (IRS Publication 502, [fsastore.com](https://www.fsastore.com), Leidos Employee Resource Center) [FSA Resources](#) to determine whether a product or service is IRS-eligible.**



# How long do claim reimbursements take?

When we receive all necessary information to process and pay a claim, reimbursements are sent within 1 to 2 business days.

Sign up for alerts! You can do this in the Member Website Message Center to receive an email or text when your claim is processed.

# Commuter Benefits

## Transit

Train | Subway | Bus | Ferry | Light Rail | Vanpool

## Parking

At or near place of work

At or near public transportation site



# Commuter benefits made easy – Enroll / Elect / Order

## Cash reimbursement

For parking plans, vanpool  
and any post-tax expenses.

## Debit card

For mass transit plans, parking  
plans and vanpooling options,  
and UberPool and Lyft  
ridesharing with at least 6  
passenger spots.

## Smart Commute

For mass transit and parking plans  
using an existing smartcard or  
account system — electronic fare  
media and pass orders can be made  
directly with the transit authority!

**Enroll in Commuter Benefits via Workday**

**Available in the following markets:**

- Washington D.C.
- Atlanta
- Chicago
- San Francisco



# Election amount changes

## HC-FSA / LP-FSA

Election amounts can be changed during the plan year only with a qualifying life event.

## DC-FSA

Amounts can be changed due to a qualifying life event or change in provider or provider cost.

## Commuter Benefits

Changes aren't limited by a plan year and can be updated or stopped at any time as your needs change.

# Thank you



Colleen Ferris  
Director, Strategic Relationship Manager

