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BUDGET DETAIL AND PAYMENT PROVISIONS

A. Invoicing and Payment

1. The maximum amount payable under this agreement shall not exceed $Insert Amount.

2. For services satisfactorily rendered, and upon receipt and approval of the invoice(s), the State, agrees to pay the Contractor for said services based on the agreed-upon cost structure/proposal.

   The Contractor shall submit invoices supported by an approved work order.

3. Monthly invoices shall include the Agreement number and section Code 93.525 and shall be submitted in triplicate (two hard copies and one electronic copy) by the 7th of the following month to:

   California Health Benefit Exchange
   Attn: Marketing
   1601 Exposition Blvd.
   Sacramento, CA 95815

   Invoices shall:

   a. Be prepared on agency/company letterhead. If invoices are not on agency/company letterhead, invoices must be signed by an authorized official, employee, or agent certifying that the expenditures claimed represent actual expenses for the service performed under this Agreement.

   b. Bear the Contractor’s name as shown on the Agreement.

   c. Identify the billing and/or performance period covered by the invoice.

   d. List media and non-media expenses separately.

   e. Itemize the costs for the billing period in the same or greater level of detail as indicated in this Agreement. Only those costs and/or cost categories expressly identified as allowable in this Agreement may be reimbursed.

   Any invoices submitted without the above-referenced information may be returned to the Contractor for further re-processing.

B. Media & Subcontractor Liability

Contractor must include the clause detailed in Exhibit B, Attachment 2 in all contracts executed on behalf of the California Health Benefit Exchange, including, but not limited to, production, research, media buying, and ethnic population advertising agency
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subcontractors. The clause indicates that the Contractor is solely responsible for payment of all invoices.

C. Progress Payment Withholds

i. In the aggregate, progress payments may not exceed 90 percent of the total agreement amount, regardless of agreement length.

ii. Except as otherwise set forth above, ten percent (10%) may be withheld by the Exchange from each invoice submitted for reimbursement, under the following conditions:

a. For services and costs associated with contractor and/or subcontractor performance that is considered to be of an ongoing nature or performed continuously throughout the term of the Agreement.

b. For individual services associated with a specific agreement deliverable that has not yet been received or completed in its entirety.

c. For individual and/or distinct tasks, work plans, or project activities that have not yet been completed in their entirety.

iii. Release of Amounts Withheld: As individual and/or distinct tasks, services, work plans, or project activities are completed in their entirety by either the Contractor or Subcontractor and any scheduled/required deliverables or reports are delivered to the Exchange; then any funds so withheld shall be released to the Contractor upon acceptance and/or acknowledgement that all such items have been completed to the full satisfaction of the Exchange.

iv. Payment Requests Excluded from the Ten Percent (10%) Withhold: Ten percent (10%) payment withholds shall not be applied to reimbursements or periodic payment requests for direct costs associated with equipment purchases, media buys, operating expense items, and other procurements not directly associated with the Contractor’s personal performance.

D. Triple Bid Requirement

Depending upon the nature, scope, dollar amount, and subject of the subcontract or vendor agreement, the Exchange’s Competitive Bidding Procedures may apply. Prior to subcontracting for goods or services valued at $50,000 or more, the Contractor shall obtain at least three bids or justify a sole source award to be approved by the Exchange prior to execution.

All TV production estimates shall be submitted with copies of competitive bids obtained and, if not using the lowest bid, a justification of why the lowest bid is not being used shall be attached.
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E. Production Activities Payments

Upon approval of a work order requiring expenses of more than $100,000 to be incurred by the Contractor for production of TV ads, the Exchange Representative will authorize advance payment of up to 50 percent of the approved work order estimate, net of mark-up; justification of the proposed costs must be provided. Notwithstanding anything in this Contract to the contrary, invoices for these advance payments may be sent outside of the monthly invoicing schedule set forth above and will be subject to the expedited payment process outlined in Section A(3) above. The remaining percentage shall be paid as actual costs are incurred and subject to withholding and release of the final 10 percent in accordance with Progress Payment Withholds provision. Requests for payment of actual expenses incurred pursuant to this paragraph shall be submitted with monthly invoices accompanied by supporting documentation as required.

F. Media Discounts

i. All media costs worldwide, whether received by Contractor or on Contractor’s behalf by any of Contractor’s affiliates, subsidiaries, or a parent company (collectively, the “Contractor”), shall be billed and paid (to the extent that Contractor has received payment from the state) in such a manner as to assure that the state will receive available discounts (volume or otherwise), rebates, promotional consideration or similar credits applicable to purchases made by the Contractor on behalf of the state and actually received by the Contractor (the “Discounts”). Where the Contractor receives any such Discounts based upon the total media purchased by the Contractor for all or a combination of Contractor’s clients including the state, the state shall be entitled to its pro-rata share of such Discounts based upon the share of applicable media purchased by the Contractor, net of any incremental administration charges agreed to in the contract budgets.

ii. Contractor shall give the state the benefit of any Discounts, whether based upon volume, timing of payment, or otherwise, actually received by the Contractor from media vendors, in each case, to the extent that the Contractor has received funds from the state that have qualified to receive such Discounts.

G. Budget/Spend Tracking Requirements

The Contractor, on a monthly basis, shall track and report budgets as approved for work orders and billing amounts as listed on invoices. This budget/spend tracker should also provide a breakdown by the project categories specified in this Agreement. An electronic copy of the budget/spend tracker needs to be submitted along with the electronic copy of the monthly invoices for review and approval.

H. Prompt Payment Clause

Except as otherwise set forth herein, payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.
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I. Billing

Contractor agrees to work with the Exchange and submit invoices as necessary in order for the Exchange to reconcile federal grants received by the Exchange. Invoices for services completed with federal grants must be received by the State within 90 days of 12/31/2015.

In addition, invoices for services must be received by the State within 90 days following each state fiscal year (June 30), or 90 days following the end of the contract term, whichever comes first. Invoices following the end of the contract term must include the statement “Final Billing.”

The State may, at its discretion, choose not to honor any delinquent invoice if the Contractor fails to obtain prior written Exchange approval of an alternate invoice submission deadline. Written Exchange approval shall be sought from the Exchange Representative prior to the invoice submission deadline.

The Contractor is hereby advised of its obligation to submit, with the final billing, a “Contractor Release (Exhibit G)” acknowledging submission of the final billing to the Exchange and certifying the approximate percentage amount, if any, of recycled products used in performance of this Agreement.

For every member of the Contractor’s group, the final invoice must include a completed Form 700 Leaving Office Statement of Economic Interest properly completed for each Designated Filer in the Contractor’s group. The final invoice will not be considered complete or accurate unless it is submitted with a Form 700 Leaving Office Statement of Economic Interest for Designated Filers. Further, a final invoice submitted without all of the required Form 700 filings will automatically be considered a “disputed” invoice. Disputed invoices are not subject to Government Code Section 927 prompt payment requirements until the dispute is resolved.

J. Expense Allowability/Fiscal Documentation

1. Invoices, received from a Contractor and accepted and/or submitted for payment by the State, shall not be deemed evidence of allowable agreement costs.

2. Contractor shall maintain for review and audit, and supply upon request, adequate documentation of all expenses claimed pursuant to this agreement to permit a determination of expense allowability.

3. If the allowability or appropriateness of an expense cannot be determined by the State because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate, according to generally accepted accounting principles or practices, all questionable costs may be disallowed and payment may be withheld by the State. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.
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4. Preauthorized work-related travel is a reimbursable expense as specified in Exhibit F: “Travel Reimbursement Information.” Receipts must be maintained to support the claimed expenditures.

5. Costs and/or expenses deemed unallowable are subject to recovery by the Exchange pursuant Section M below.

K. Recovery of Overpayments

1. Contractor agrees that claims based upon a contractual agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by the State by one of the following options:
   a. Contractor’s remittance to the State of the full amount of the audit exception within 30 days following the State’s request for repayment;
   b. A repayment schedule which is agreeable to both the State and the Contractor.

2. The State reserves the right to select which option will be employed and the Contractor will be notified by the State in writing of the claim procedure to be utilized.

3. Interest on the unpaid balance of the audit finding or debt will accrue at a rate equal to the monthly average of the rate received on investments in the Pooled Money Investment Fund commencing on the date that an audit or examination finding is mailed to the Contractor, beginning 30 days after Contractor’s receipt of the State’s demand for repayment.

4. If the Contractor has filed a valid appeal regarding the report of audit findings, recovery of the overpayments will be deferred until a final administrative decision on the appeal has been reached. If the Contractor loses the final administrative appeal, Contractor shall repay, to the State, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the Contractor’s first receipt of State’s notice requesting reimbursement of questioned audit costs or disallowed expenses.

L. Federal Funding and Qualified Health Plan (QHP) Assessment Contingency Clause

If the receipt of federal grant funds and the collection of fees assessed from QHPs are collectively not sufficient to provide the funds for this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to the Contractor to reflect the reduced amount.

M. Review

The State reserves the right to review service levels and billing procedures as they impact charges against this Agreement.
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N. **Nonresident Tax Withholdings**

Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments from property (real or personal) located in California will have seven percent of their total payments withheld for state income taxes. However, no withholding is required if total payments to the payee are $1,500 or less for the calendar year.