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# Standard Operating Procedure (SOP): QHIN Cybersecurity Coverage

Applicability: QHINs

## 1 COMMON AGREEMENT REFERENCES

Section 12.1.1 of the Common Agreement states: “In accordance with the Cybersecurity Coverage SOP, Signatory shall maintain, throughout the term of this Agreement: (i) a policy or policies of insurance for cyber risk and technology errors and omissions; (ii) internal financial reserves to self-insure against a cyber-incident; or (iii) some combination of (i) and (ii).”

## 2 PURPOSE

The purpose of this SOP is to ensure that each QHIN has cyber risk and technology errors and omissions insurance and/or internal financial reserves in amounts not less than the liability limits presently stated in Section A of this SOP then in effect.

## 3 PROCEDURE

### A. Relation to Liability Limits

Section 7.4 of the Common Agreement states, in relevant part: **“IN NO EVENT SHALL EITHER RCE’S OR SIGNATORY’S TOTAL LIABILITY TO EACH OTHER AND ALL OTHER QHINS ARISING FROM OR RELATING TO THIS AGREEMENT EXCEED AMOUNTS EQUAL TO TWO MILLION DOLLARS (\$2,000,000) PER INCIDENT AND FIVE MILLION DOLLARS (\$5,000,000) AGGREGATE PER ANNUM OR SUCH OTHER AMOUNTS AS STATED IN A THEN-IN-EFFECT SOP, IN ORDER TO ALLOW FOR THE PERIODIC ADJUSTMENT OF THIS LIABILITY LIMIT OVER TIME WITHOUT THE NEED TO AMEND THIS COMMON AGREEMENT.”**

For purposes of this Cybersecurity Coverage SOP, a QHIN must have demonstrated the ability to fulfill its obligation to cover any liability up to the liability limits set forth in the Section 7.4 of the Common Agreement, including, as applicable, any adjusted amount(s) set forth in an SOP (the “Liability Limit”). This SOP explains that a QHIN may demonstrate its ability to fulfill its obligations through a combination of measures including a policy or policies of insurance for cyber risk and technology errors and omissions and/or internal financial reserves.

### B. Cybersecurity Coverage

1. Cybersecurity Coverage Requirements. A QHIN can demonstrate that it has the ability to fulfill its obligations in one of the following ways:
  - (a) A policy of insurance for cyber risk/technology errors and omissions with coverage in amounts not less than the Liability Limit;

- (b) Internal financial reserves to “self-insure” against a cyber-incident in amounts not less than the Liability Limit; or
- (c) Some combination of cyber risk/technology errors and omissions insurance and internal reserves in amounts not less than the Liability Limit.

2. Evidence of Cybersecurity Coverage.

Each QHIN that satisfies the above cybersecurity coverage requirements, in whole or in part, through a policy of insurance shall maintain such insurance during the term of the Common Agreement and must provide the RCE with a Certificate of such insurance during the Onboarding & Designation process and, additionally, as may be requested by the RCE. The QHIN shall provide additional information about its cybersecurity insurance that the RCE reasonably requests.

- (a) Each QHIN that satisfies the above cybersecurity coverage requirements, in whole or in part, through internal financial reserves must provide the RCE with evidence of those reserves during the Onboarding & Designation process and, additionally, as may be requested by the RCE. This evidence shall include copies of current financial statements that show financial reserves of at least the Liability Limits as well as a binding statement, board resolution, or organizational policy that these reserves shall not be used for any other purpose during the term of the Common Agreement. The QHIN shall provide additional information about its financial reserves that the RCE reasonably requests.

3. Notification of Changes.

- (a) Each QHIN that satisfies the above cybersecurity coverage requirements, in whole or in part, through a policy of insurance must notify the RCE, without delay, of the cancellation, expiration or any other material change in insurance, including a change in carrier, and provide the RCE with an updated certificate of insurance. If applicable, the QHIN must provide with its notice of cancellation, expiration or any other material change proof of sufficient internal reserves to compensate for a loss of or a reduction in the limits of insurance coverage along with a binding statement, board resolution, or organizational policy that these reserves shall not be used for any other purpose during the term of the Common Agreement. If a policy of insurance imposes specific requirements or conditions on a QHIN policyholder as a condition of coverage at the levels identified in the policy, then the QHIN must satisfy these requirements or conditions in order to comply with this SOP. Once a QHIN becomes aware, or should have become aware through the exercise of reasonable diligence, that the QHIN is failing to satisfy any such requirement or condition, the QHIN must notify the RCE and provide the RCE with its plan of correction without delay and, in all cases, within thirty (30) days of such discovery.
- (b) Each QHIN that satisfies the above cybersecurity coverage requirements, in whole or in part, through internal financial reserves must notify the RCE as soon as possible but no later than within seven (7) calendar days in the event the QHIN

becomes aware, or should have become aware in the exercise of reasonable diligence, that it is unable to maintain internal financial reserves to self-insure, in whole or in part, against a cyber-incident, as required by this SOP.

4. Attestation of Compliance. Each QHIN must provide a written attestation to the RCE, annually and additionally upon request by the RCE, that attests to the following: (i) the QHIN continues to maintain cybersecurity coverage as required by this SOP; and (ii) there have been no material changes in such coverage (insurance and/or reserves) that have not been reported to the RCE in accordance with this SOP.
5. Effect of Insurance and/or Reserves. No denial of coverage, in whole or in part, and/or a QHIN's failure to maintain insurance and/or financial reserves as required under this SOP will affect a QHIN's total liability under Section 7.4 of the Common Agreement.

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