



October 30, 2024

Dr. Tunde Sotunde
President, Blue Cross Blue Shield of North Carolina
4615 University Dr.
Durham, NC 27707

Re: Demand for Payment of \$2,047,114.35 in Attorneys' Fees

Dear Dr. Sotunde:

You owe the people of North Carolina \$2,047,114.35 for your failed "sue till you're blue" lawsuit.

On December 14, 2022, the bipartisan Board of Trustees ("Board") of the North Carolina State Health Plan ("Plan") unanimously voted to award the Plan's third-party administrator contract to Aetna Life Insurance Company ("Aetna"), with services commencing January 1, 2025. From the beginning, it was clear that the Plan and its Board performed a well-reasoned, high-integrity, and correct procurement process. Furthermore, this process showed that Aetna's bid was superior to Blue Cross Blue Shield of North Carolina's ("Blue Cross"), and the Board properly approved the contract's award to Aetna.

As the leader for Blue Cross, you should have taken responsibility for its shortcomings, learned from your mistakes, and committed to improving your services to win back the Plan's business. Instead, you threw a legal tantrum, filing a lawsuit against the Plan so you did not have to take the blame. Naturally, your lawsuit disregarded reality, you hired lawyers and expensive experts to try to convince the tribunal that up was down, and you performed inventive legal gymnastics to impugn the integrity and intelligence of my hardworking staff and our bipartisan Board.

Thankfully, the tribunal saw through your blatant attempt to overturn a fair procurement process, stating

[The] preponderance of the evidence showed that the Plan conducted the procurement carefully and thoughtfully, fairly and in good faith, and that its decisions were properly within its discretion. It also showed that the vendors' proposals were evaluated and scored carefully, accurately, and fairly [. . .] Separately, Blue Cross failed to demonstrate that any alleged errors by the Plan or Segal substantially prejudiced its rights.

However, this decision was only after your tantrum forced the Plan to retain legal counsel to defend ourselves—how could you expect us in the face of your unwarranted aggression not to defend the truth, our members, my staff, and our Board. Our defense of your failed lawsuit cost the Plan \$2,047,114.35. While \$2.05 million may be inconsequential for a company that paid its CEO over \$4 million in 2021, \$2.05 million is a substantial amount for our members and the Plan, especially as we fight looming insolvency caused by sky rocketing healthcare costs.

Therefore, I demand that you finally take responsibility and repay the people of North Carolina for the cost of your failed attempt to overturn our lawful procurement process. Please remit payment to the Plan in the amount of \$2,047,114.35 no later than thirty (30) days after receipt of this letter.

Sincerely,



Dale R. Folwell, CPA
North Carolina State Treasurer