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Hospitals face 'demand' for billions

Medicare says it overpaid and now it wants its money back

BY CHRIS RAUBER
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Hospitals in the Bay Area and across California are targets in a Medicare-sponsored audit that aims to recover billions of dollars in estimated overpayments by the federal agency.

Letters from a private auditing firm hired by the Centers for Medicare and Medicaid Services have been sent to

an unknown number of local hospitals in recent weeks, with more potentially on the way, said Margot Holloway, Washington, D.C.-based vice president for federal regulatory affairs at the California Hospital Association.

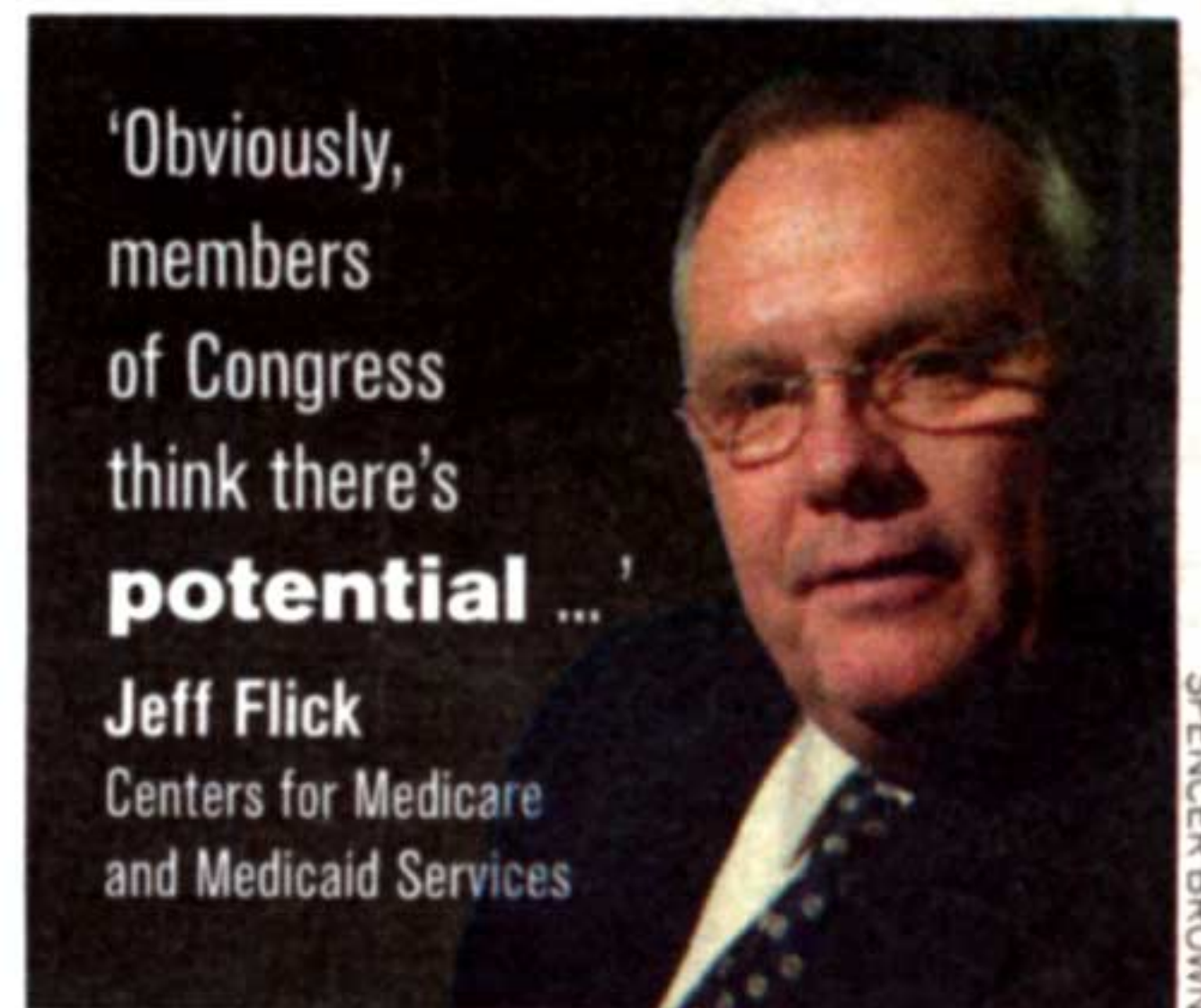
Part of a pilot program first focused on California and two other states, some are "demand letters" that seek refunds of alleged overpayments, she said. Others request information about

charges for specific cases. The hospitals have 30 days to respond.

"It's huge and it's burdensome," Holloway said.

It's unclear how many hospitals have received letters, but Holloway said nearly 20 hospitals statewide have told her that they've been contacted. Several local hospitals said they had not received letters; others declined to

See HOSPITALS, 47



'Obviously, members of Congress think there's potential ...'

Jeff Flick
Centers for Medicare and Medicaid Services

SPENCER BROWN

Wal-Mart's dot gets hot

Online unit delivers the goods with \$1B in sales

BY SARAH DUXBURY
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In just six years, Walmart.com has carved an Amazonian figure in Internet retail.

This week alone, more than 25,000 holiday shoppers logged onto Walmart.com's web site, securing its position as the third-largest online retailer.

WALMART.COM

HQ: Brisbane.
Employees: 500.
2005 revenue: More than \$1 billion.
3-year average growth: More than 50 percent annually.

For 2005, Brisbane-based Walmart.com enjoyed revenue of more than \$1 billion, said Carter Cast, Walmart.com's president since June.

While \$1 billion is peanuts compared with the \$285.2 billion that Wal-Mart Stores raked in for the fiscal year ended Jan. 31, 2005, it represents sales growth of more than 50 percent.

Walmart.com is now the fastest-growing division of Wal-Mart Stores, and Cast forecasts

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CAST:
"We learned by making mistakes."

VC web bet: This time it's personal

'Self-publishing' snags cash, offers cash-out

BY ADRIENNE SANDERS
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America's exhibitionism is turning investors on.

Silicon Valley venture capital firms are backing an expanding lot of web sites that help people share every detail of their lives — through online journals (blogs), photos, audio "podcasts" and most recently, home videos. Not surprisingly many of these companies are springing up in the Bay Area.

With older photo and blogging web sites sucked up by public companies, VCs are betting small piles of cash on newer self-publishing services, such as San Mateo's YouTube.com, which allows users to share home movies and other video clips.



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Entrepreneur Profile:

TOM TAYLOR

RÉSUMÉ

Name: Tom Taylor.

Title: Partner, with Maurice Lombardo.

Company: Taylor Lombardo Architects LLP.

HQ: San Francisco.

2004: \$2 million.

Number of employees: 14.

Year founded: 2000.

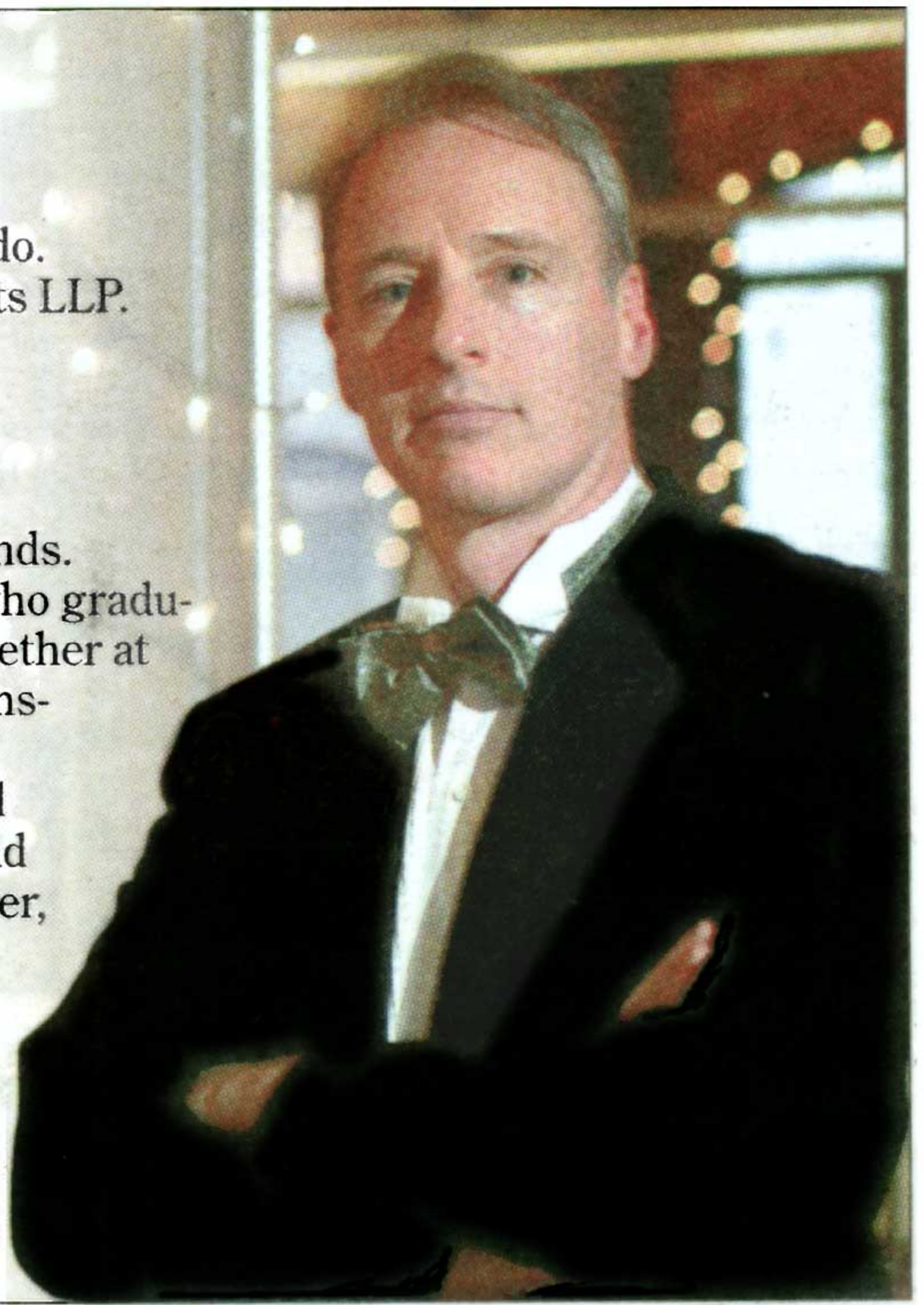
Source of startup capital: Personal funds.

Background: Taylor and Lombardo, who graduated from Pratt Institute, worked together at Sandy Babcock Architects. They transferred to Brandenburger Associates Architects, and were employees until 2000, when they became partners and the firm was re-named Brandenburger, Taylor Lombardo. The duo officially went on their own in 2004.

Age: 49.

Residence: San Rafael.

Website: www.taylorlombardo.com



BIG PICTURE

Reason for starting business: We wanted to have more design control, we wanted to be the primary contact with clients. We have more direct control with projects.

Most difficult part of decision: Developing a client base. Financial security issues; we both own homes and have mortgages.

Biggest plus of ownership: The opportunity to design very prestigious projects to take on more challenging projects. We also take on projects that don't bring us a lot of revenue but are worthwhile investments in the future or for an extremely good cause, like the Napa Valley farmworker housing project and the model for migrant farmworker housing in San Cristobal.

Biggest drawback: Cash flow and pressure.

Biggest misconception: It's easy and you can make own hours. The clients make your hours.

Biggest business strength: Communicating with clients. Maurice does the marketing and business development. He is the primary business mover and shaker for the office.

Biggest business weakness: Being too easygoing.

Biggest risk: This building (that we bought). Spending more money than we needed to create a place to work.

Biggest mistake: Not getting into our own partnership sooner.

Smartest move: Hiring great people, and the building we bought, and our Napa property. We got an SBA loan with Capital Access Group, from Jackie Jordan, that gave us an incentive to buy our own building with little money down.

Biggest worry: Maintaining the workload in tough times. Quality control — we have to be extremely careful. It only takes one mistake to ruin 1,000 good decisions. Also, there are so many variables, including agencies to deal with. It's unpredictable.

Top source of inspiration: Opportunity to do great design.

DAILY ROUTINE

Most challenging task: Taking the tremendous inspirations clients bring to us, and trying to make that into a building that can be built with the budget and code and

approval restraints. Every year it seems that clients become more knowledgeable and have higher expectations. But it has to meet some type of budget, too.

Favorite task: The initial concept for a project, taking the raw ideas and turning them into something visual.

Least favorite task: Dealing with the local governments on building submittals.

Biggest frustration: So many projects that start off with all this gusto and get held up for some reason. There is all this activity and then it drops off to nothing. There are infinite number of reasons for a stall, but it's usually being held up by agencies. So we have to have more work than we can do.

Source of support in a business crisis: We rely upon everyone here.

DREAMS

Key goal yet to achieve: Establish new markets in other areas. We're working on establishing in Hawaii. We're working on a project in Shanghai, China.

First move with capital windfall: Pay off debt.

Five-year plan: We don't want to grow. We'd like to keep the same size but streamline the processes to do a better job and continue to consistently pick excellent projects to work on.

Inducement to sell: I'd have some sort of architecture business no matter what. We're not even thinking about retiring for a long time.

First choice for new career or venture: Pro golfer or skier.

PERSONALS

Most admired entrepreneur: Bill Gates.

Most interested meeting: Jimmy Carter.

Stress reducers: Happy hour, exercise and competing in sports.

Favorite pastimes: Softball, skiing, being with family, playing with my kids.

Favorite book: The ones I read to my young kids. I love the "Minnie and Moo" series.

Favorite film: Dr. Strangelove.

Favorite restaurant: Wine Country restaurants, specifically in Napa County.

Favorite destination: The mountains, I go skiing for a week every year in Colorado.

Automobile: Mercedes silver CL320.

— Lauren Pederson ■