

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL                                 |           |
|--|-----------|
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|   |   |   |
|---|---|---|
| 1. Name and Address of Reporting Person*<br><u>Sousa Michael</u><br><br>(Last) (First) (Middle)<br>209 10TH AVE. SOUTH<br>SUITE 450<br><br>(Street)<br>NASHVILLE TN 37203<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>HEALTHSTREAM INC [ HSTM ]</u> | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br>Senior Vice President |
|   | 3. Date of Earliest Transaction (Month/Day/Year)<br>02/11/2011                  |   |
|   |   | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person    |

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) |   | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) |            |       | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|--|
|                                 |                                      |  | Code                           | V | Amount  | (A) or (D) | Price |   |  |  |
| Common Stock                    |                                      |  |                                |   |   |            |       | 2,725   | D  |  |

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |       |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|--|--|---|--|-------|
|  |  |                                      |  | Code                           | V | (A)  | (D) | Date Exercisable   | Expiration Date |   |  |  |   |  | Title |
| Employee Stock Option (right to buy)       | \$7.66   | 02/11/2011                           | 02/11/2011   | A                              |   | 2,812  |     | 02/11/2012   | 02/11/2019      | Common Stock  | 2,812                                      | \$0.00   | 2,812   | D  |       |
| Employee Stock Option (right to buy)       | \$7.66   | 02/11/2011                           | 02/11/2011   | A                              |   | 3,750  |     | 02/11/2013   | 02/11/2019      | Common Stock  | 3,750                                      | \$0.00   | 3,750   | D  |       |
| Employee Stock Option (right to buy)       | \$7.66   | 02/11/2011                           | 02/11/2011   | A                              |   | 5,625  |     | 02/11/2014   | 02/11/2019      | Common Stock  | 5,625                                      | \$0.00   | 5,625   | D  |       |
| Employee Stock Option (right to buy)       | \$7.66   | 02/11/2011                           | 02/11/2011   | A                              |   | 6,563  |     | 02/11/2015   | 02/11/2019      | Common Stock  | 6,563                                      | \$0.00   | 6,563   | D  |       |

Explanation of Responses:

Remarks:

Michael Sousa

02/15/2011

\*\* Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.