

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* <u>Sousa Michael</u>  (Last) (First) (Middle) 209 10TH AVE. SOUTH SUITE 450  (Street) NASHVILLE TN 37203  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>HEALTHSTREAM INC [ HSTM ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) Senior Vice President
	3. Date of Earliest Transaction (Month/Day/Year) 03/19/2018	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/19/2018		M		6,753 <sup>(1)</sup>	A	\$0.00	31,914	D	
Common Stock	03/19/2018		F		2,079 <sup>(2)</sup>	D	\$24.97	29,835	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
Restricted Share Units	\$0.00 <sup>(3)</sup>	03/19/2018		M			1,050	(4)	(5)	Common Stock	1,050	\$0.00	0	D	
Restricted Share Units	\$0.00 <sup>(3)</sup>	03/19/2018		M			1,341	(6)	(5)	Common Stock	1,341	\$0.00	1,565	D	
Restricted Share Units	\$0.00 <sup>(3)</sup>	03/19/2018		M			2,500	(7)	(5)	Common Stock	2,500	\$0.00	18,750	D	
Restricted Share Units	\$0.00 <sup>(3)</sup>	03/19/2018		D			7,500	(8)	(5)	Common Stock	7,500	\$0.00	11,250	D	
Restricted Share Units	\$0.00 <sup>(3)</sup>	03/19/2018		M			1,133	(9)	(5)	Common Stock	1,133	\$0.00	3,681	D	
Restricted Share Units	\$0.00 <sup>(3)</sup>	03/19/2018		M			729	(10)	(5)	Common Stock	729	\$0.00	4,130	D	

Explanation of Responses:

- Shares acquired on vesting of restricted share units.
- Shares withheld for payment of tax liability.
- Each restricted share unit (RSU) represents the contingent right to receive one share of common stock upon vesting of the unit.
- The RSU's are subject to a four year vesting schedule, contingent upon continued service at the time of vesting. 15% vest on March 11, 2015, 20% vest on March 11, 2016, 30% vest on March 11, 2017, and the remaining 35% vest on March 11, 2018.
- Not applicable.
- The RSU's are subject to a four year vesting schedule, contingent upon continued service at the time of vesting. 15% vest on March 10, 2016, 20% vest on March 10, 2017, 30% vest on March 10, 2018, and the remaining 35% vest on March 10, 2019.
- Vesting of these RSUs is contingent upon continued service at the time of vesting and the achievement of certain performance criteria. The performance criteria will be established on an annual basis by the Compensation Committee of the Board of Directors. Up to 15% vest on March 15, 2016 for the period January 1, 2015 through December 31, 2015; up to 20% vest on March 15, 2017 for the period January 1, 2016 through December 31, 2016; up to 20% vest on March 15, 2018 for the period January 1, 2017 through December 31, 2017; up to 20% vest on March 15, 2019 for the period January 1, 2018 through December 31, 2018; and up to 25% vest on March 15, 2020 for the period January 1, 2019 through December 31, 2019. Vesting will be determined based on actual performance. RSUs that do not vest during a performance period may become eligible for vesting during the next performance period. The performance criteria for 2017 was partially achieved, resulting in the vesting of 2,500 RSUs.
- Represents the forfeiture of performance-based RSUs granted to the reporting person on September 24, 2015, which were eligible to vest based on certain annual financial performance criteria. Based on the financial performance over the applicable performance period, it was determined 2,500 RSUs would vest and 7,500 RSUs would be forfeited. Of the 7,500 RSUs forfeited, 5,000 represented RSUs granted in 2015 which failed to vest based on a performance period in 2016, but which continued to be eligible for vesting based on the achievement of catch-up performance criteria for a performance period in 2017 (as such concept is referenced in Note (7) above). Based on the financial performance over the catch-up performance period in 2017, all 5,000 of these RSUs were forfeited.

9. The RSU's are subject to a four year vesting schedule, contingent upon continued service at the time of vesting. 15% vest on March 17, 2017, 20% vest on March 17, 2018, 30% vest on March 17, 2019, and the remaining 35% vest on March 17, 2020.

10. The RSU's are subject to a four year vesting schedule, contingent upon continued service at the time of vesting. 15% vest on March 16, 2018, 20% vest on March 16, 2019, 30% vest on March 16, 2020, and the remaining 35% vest on March 16, 2021.

**Remarks:**

Michael Sousa

03/20/2018

\*\* 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.

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