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Assess Systems and HealthStream Enter into Exclusive Distribution Agreement

Behavior-based assessments added to HealthStream's talent management product suite

NASHVILLE, Tenn.--(BUSINESS WIRE)-- HealthStream, Inc. (NASDAQ: HSTM), a leading provider of learning, research, and talent management solutions for the healthcare industry, today announced the launch of behavior-based, non-clinical assessments designed for use in the healthcare industry: Select for Healthcare™ and Assess for Healthcare™. These software-as-a-service (SaaS) based assessments are available through a distribution agreement signed with Assess Systems, a Dallas, Texas based talent assessment and consulting company. These products expand HealthStream's talent management suite of products with solutions for healthcare organizations to make better hiring, placement, and promotion decisions for their workforce. For the acute-care market, HealthStream will be the exclusive provider of these assessments from Assess Systems.

At a time when hospitals are required to do more with less, the importance of having the right individuals in the right job becomes both a quality of care and bottom-line financial concern. According to industry experts, it takes one-and-one-half times a nurse's annual salary to recruit and train a new nurse. Turnover rates have been as high as 60 percent, costing a typical hospital \$5.4 to \$7.2 million, annually. The larger cost may be paid in decreased quality of care. The American Association of Colleges of Nurses reports "an increase in RNs contributes to a decrease in hospital-related mortality and reduced lengths of patient stays, whereas inadequate staffing is known to compromise patient care." Hence, the need to hire well, retain talent, and develop employees has become an urgent business need for healthcare organizations—and these tasks are made easier with Select for Healthcare™ and Assess for Healthcare™.

"Our assessments are scientifically based, valid measurement tools that have been used with proven effectiveness in the healthcare industry where an organization's people make a defining difference in business outcomes," said JoAnn McMillan, Ph.D., chief operating officer, Assess Systems. "The growth and job outlook in the healthcare industry are attracting a wide range of applicants for healthcare organizations, making it difficult, costly, and time-consuming to find the right candidate for each position. HealthStream's offering of Select for Healthcare™ and Assess for Healthcare™ provide outstanding solutions improve and advance this process."

The Select for Healthcare™ assessments help HR and hiring managers screen applicants at the beginning of the hiring process, allowing the quick identification of prospective employees with the attributes that lead to job success and a positive patient experience. It is comprised of online behavior-based, non-clinical questions for the applicant that takes approximately 15 minutes to complete. The Assess for Healthcare™ assessment is designed to help HR and hiring managers determine if a candidate—externally or from within the organization—is a good fit for a leadership position. It is comprised of online behavior-based, non-clinical questions that take approximately 30 minutes to complete. Results from both assessments are provided instantaneously to the administering HR/hiring manager.

HealthStream will immediately provide Select for Healthcare™ and Assess for Healthcare™ to healthcare organizations as stand-alone products, while future plans include offering them as an integrated solution through HealthStream's platform. "We look forward to offering these two new assessment tools from Assess Systems; they add an important component to our overall talent management strategy for hospitals and healthcare networks," said Robert A. Frist, Jr., chief executive officer, HealthStream.

About HealthStream

HealthStream (NASDAQ: HSTM) is dedicated to improving patient outcomes through the development of healthcare organizations' greatest asset: their people. Our unified suite of software-as-a-service (SaaS) solutions are used by, collectively, approximately 2.9 million healthcare employees in the U.S. for training & learning management, talent management, performance assessment, and managing simulation-based education programs. Our research solutions provide valuable insight to healthcare providers to meet HCAHPS requirements, engage their workforce, and enhance physician alignment. Based in Nashville, Tennessee, HealthStream has additional offices in Laurel, Maryland and Austin, Texas. For more information, visit <http://www.healthstream.com> or call 800-933-9293.

About Assess Systems

Assess Systems is an innovative SaaS and consulting company providing talent selection and people development solutions to

organizations worldwide. Focusing on person-job-organization fit, our assessment-based solutions help our clients attract, select, develop and promote talent resulting in improved business outcomes. For more than 25 years, Assess Systems has assessed millions of people in a broad spectrum of industries and positions spanning 42 countries and supporting 16 languages. Our solutions include: selection process design; competency modeling; entry-level assessments; competency-based professional, management, and sales assessments; hiring manager interview guides and eLearning; leadership development programs; 360° feedback; succession planning; executive assessment and coaching. For more information, visit <http://www.assess-systems.com> or call 800-283-6055.

This press release contains forward-looking statements that involve risks and uncertainties regarding HealthStream. Investors are cautioned that such results or events predicted in these statements may differ materially from actual future events or results. This information has been, or in the future may be, included in reliance on the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such results or events predicted in these statements may differ materially from actual future events or results. The Company's preliminary financial results, while presented with numerical specificity, are forward-looking statements which are based on a variety of assumptions regarding the Company's operating performance that may not be realized, and which are subject to significant uncertainties and potential contingencies associated with the Company's financial and accounting procedures and other matters referenced from time to time in the Company's filings with the Securities and Exchange Commission. Consequently, such forward-looking information should not be regarded as a representation or warranty by the Company that such projections will be realized.

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