SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2016

(Commission File No. 001-33356),

Gafisa S.A.

(Translation of Registrant's name into English)

Av. Nações Unidas No. 8501, 19th floor
São Paulo, SP, 05425-070
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes ______ No ___X___

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ______ No ___X___

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ______ No ___X___

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

To Gafisa S.A. Fiscal Council and Board of Directors

Av. das Nações Unidas, 8.501, 19th floor, Pinheiros
CEP 05425-070 São Paulo / SP

LETTER OF RESIGNATION

Dear Sirs,

I, Luis Fernando Brum de Melo, through this letter and on this date, submit my resignation from the position of Sitting Member of Gafisa S.A.'s Fiscal Council, to which I was electedat the General Shareholder's Meeting held on April 16, 2015 at 10:00AM.

For this effect, I grant the Company and its shareholders, at any time, full, irrevocable, irreversible, comprehensive release in all respects and I and my successors shall make no further claim, under any circumstance, in or out of court, now or in the future, declaring expressly that I have nothing further to claim, receive or demand due to any act or fact directly or indirectly related to this Company and its direct or indirect Shareholders.

As a consequence of my resignation, Ms. Laiza Fabiola Martins de Santa Rosa, currently an Alternate Member of the Fiscal Council, shall take over the vacant position of Sitting Member of the Fiscal Council until the next General Shareholder's Meeting.

With nothing further to add.

São Paulo, January 26th, 2016

Sincerely,

Luiz Fernando Brum de Melo

Witnesses:

Moacyr Ligabo Junior	Aline Taboga França de Godoy
RG: 23.900.640 -9	RG: 43.429.416-0
CPF: 159.466.008-50	CPF: 309.293.018-54

Received on 01/29/2016

Gafisa S.A.

Octávio Marques Flores	Sandro Gamba
Operational Executive Officer	CEO
Gafisa S.A.	Gafisa S.A.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.
Date: February 5, 2016

Gafisa S.A.

By: /s/ Sandro Gamba

Name: Sandro Gamba
Title: Chief Executive Officer

family:Times New Roman;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">

Three Months Ended

September 30,

Nine Months Ended

September 30,

2018

2017

2018

2017

Revenues, net

$

—

$

8,809

$

3,342

$

25,273

Operating costs and expenses:

Cost of revenues (excluding depreciation and amortization)

—

4,208

1,982

14,484

Product development

—

988

554

2,701

Sales and marketing

—

972

460

3,347

Other general and administrative expenses

—

792

229

2,353

Depreciation and amortization

—

599

181

1,614

Total operating costs and expenses

—

7,559

3,406

24,499

Operating income (loss)

—

1,250

(64

)

774

Other loss

—

(12

)

—

(12

)

Income (loss) from discontinued operations before income tax provision

—

1,238

(64

)

762

Income tax provision

—

469

—

374

Income (loss) from discontinued operations, net of income taxes

$

—

$

769

$

(64

)

$

388

13

HEALTHSTREAM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

8. DISCONTINUED OPERATIONS (continued)

The following table presents the aggregate carrying amounts of the classes of assets and liabilities of discontinued operations as of December 31, 2017 (in thousands):

Carrying amounts of assets included as part of discontinued operations:	
Accounts receivable, net	$4,158
Accounts receivable – unbilled	1,275
Prepaid royalties, net of amortization	37
Other prepaid expenses and other current assets	655
Current assets of discontinued operations	6,125
Property and equipment, net	901
Capitalized software development, net	2,683
Goodwill	24,154
Customer-related intangibles, net	276
Other intangible assets, net	42
Other assets	17
Long-term assets of discontinued operations	28,073
Total assets of discontinued operations in the condensed consolidated balance sheet	$34,198
Carrying amounts of liabilities included as part of discontinued operations:	
Accounts payable and accrued expenses	$2,728
Accrued royalties	27
Deferred revenue	4,017
Current liabilities of discontinued operations	6,772
Deferred tax liabilities	1,971
Deferred revenue, noncurrent	15
Other long term liabilities	562
Long-term liabilities of discontinued operations	2,548
Total liabilities of discontinued operations in the condensed consolidated balance sheet	$9,320

9. BUSINESS SEGMENTS

The Company provides services to healthcare organizations and other members within the healthcare industry. The Company’s services are focused on the delivery of workforce development products and services (HealthStream Workforce Solutions) and provider credentialing, privileging, and enrollment products and services (HealthStream Provider Solutions).

As noted above, the sale of the PX business on February 12, 2018 resulted in the divestiture of the Company’s Patient Experience Solutions segment. Beginning with the first quarter of 2018, the Company classified the results of its

Patient Experience Solutions segment as discontinued operations in its condensed consolidated statements of income and cash flows for all periods presented. Additionally, the related assets and liabilities associated with the discontinued operations are shown separately in the Company's condensed consolidated balance sheet as of December 31, 2017. See Note 8 for additional information.

HEALTHSTREAM, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

9. BUSINESS SEGMENTS (continued)

The Company measures segment performance based on operating income before income taxes and prior to the allocation of certain corporate overhead expenses, interest income, interest expense, and depreciation. The Unallocated component below includes corporate functions, such as accounting, human resources, legal, investor relations, administrative, and executive personnel, depreciation, a portion of amortization, and certain other expenses, which are not currently allocated in measuring segment performance. The following is the Company's business segment information for the three and nine months ended September 30, 2018 and 2017 and as of September 30, 2018 and December 31, 2017 (in thousands).

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
Revenues, net:	2018	2017	2018	2017
Workforce Solutions	$ 49,128	$ 44,603	$ 141,043	$ 132,561
Provider Solutions	10,797	10,140	30,748	27,069
Total revenues, net	$ 59,925	$ 54,743	$ 171,791	$ 159,630

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
Operating income from continuing operations:	2018	2017	2018	2017
Workforce Solutions	$ 10,013	$ 8,477	$ 29,074	$ 25,785
Provider Solutions	1,684	934	2,973	$ 856
Unallocated	(7,036)	(6,680)	(19,393)	$ (18,745)
Total operating income from continuing operations	$ 4,661	$ 2,731	$ 12,654	$ 7,896

Segment assets *	September 30, 2018	December 31, 2017
Workforce Solutions	$ 91,696	$ 90,055
Provider Solutions	143,781	150,797
Discontinued operations	—	34,198
Unallocated	186,023	136,069
Total assets	$ 421,500	$ 411,119

* Segment assets include accounts and unbilled receivables, prepaid and other current assets, other assets, capitalized software development, certain property and equipment, and intangible assets. Cash and cash equivalents and marketable securities are not allocated to individual segments, and are included within Unallocated. A significant portion of property and equipment assets are included within Unallocated.

10. DEBT

Revolving Credit Facility

The Company entered into a First Amendment to Revolving Credit Agreement dated as of November 13, 2017, amending the Company's Revolving Credit Facility, dated as of November 24, 2014 ("Revolving Credit Facility") with SunTrust Bank ("SunTrust"), which amendment extended the maturity date under the Revolving Credit Facility to November 24, 2018. Under the Revolving Credit Facility, the Company may borrow up to $50.0 million, which includes a $5.0 million swing line subfacility and a $5.0 million letter of credit subfacility, as well as an accordion feature that allows the Company to increase the Revolving Credit Facility by a total of up to $25.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The obligations under the Revolving Credit Facility are guaranteed by each of the Company's subsidiaries. At the Company's election, the borrowings under the Revolving Credit Facility bear interest at either (1) a rate per annum equal to the highest of SunTrust's prime rate or 0.5% in excess of the Federal Funds Rate or 1.0% in excess of one-month LIBOR (the "Base Rate"), plus an applicable margin, or (2) the one, two, three, or six month per annum LIBOR for deposits in the applicable currency (the "Eurocurrency Rate"), as selected by the Company, plus an applicable margin. The applicable margin for Eurocurrency Rate loans depends on the Company's funded debt leverage ratio and varies from 1.50% to 2.00%. The applicable margin for Base Rate loans depends on the Company's funded debt leverage ratio and varies from 0.50% to 1.50%. Commitment fees and letter of credit fees are also payable under the Revolving Credit Facility. Principal is payable in full at maturity on November 24, 2018, and there are no scheduled principal payments prior to maturity. The Company is required to pay a commitment fee ranging between 20 and 30 basis points per annum of the average daily unused portion of the Revolving Credit Facility, depending on the Company's funded debt leverage ratio.

The purpose of the Revolving Credit Facility is for general working capital needs, permitted acquisitions (as defined in the Revolving Credit Facility), and for stock repurchase and/or redemption transactions that the Company may authorize.

10. DEBT (continued)

The Revolving Credit Facility contains certain covenants that, among other things, restrict additional indebtedness, liens and encumbrances, changes to the character of the Company's business, acquisitions, asset dispositions, mergers and consolidations, sale or discount of receivables, creation or acquisitions of additional subsidiaries, and other matters customarily restricted in such agreements.

In addition, the Revolving Credit Facility requires the Company to meet certain financial tests, including, without limitation:

- a funded debt leverage ratio (consolidated debt/consolidated EBITDA) of not greater than 3.0 to 1.0; and
- an interest coverage ratio (consolidated EBITDA/consolidated interest expense) of not less than 3.0 to 1.0.

As of September 30, 2018, the Company was in compliance with all covenants. There were no balances outstanding on the Revolving Credit Facility as of or during the three and nine months ended September 30, 2018.

11. NON-MARKETABLE EQUITY INVESTMENTS

Non-marketable equity investments are accounted for using the equity method when the Company can exercise significant influence over the investee. Non-marketable equity investments where the Company is not able to exercise significant influence over the investee are accounted for under the cost method. ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10), became effective for the Company as of January 1, 2018 and requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. During the three months ended September 30, 2018, the Company recorded a $1.3 million reduction to the carrying value of a cost method investment due to a change in fair value, based on observable prices from an orderly transaction for a similar investment made in this investee. The fair value adjustment is included in Other (loss) income, net in the accompanying condensed consolidated statements of income. The aggregate carrying amount of all cost method investments was $2.1 million and $2.5 million as of September 30, 2018 and December 31, 2017, respectively, which carrying value we evaluate for impairment at each reporting period. The fair value of a cost method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Special Cautionary Notice Regarding Forward Looking Statements

You should read the following discussion and analysis in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report and our audited consolidated financial statements and the notes thereto for the year ended December 31, 2017, appearing in our Annual Report on Form 10-K that was filed with the Securities and Exchange Commission (“SEC”) on February 26, 2018 (the “2017 Form 10-K”). Statements contained in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements that the Company intends to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend on or refer to future events or conditions, or that include words such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,’ “potential,” “predicts,” “ projects,” “should,” “will,” “would,” and similar expressions are forward-looking statements.

The Company cautions that forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

In evaluating any forward-looking statement, you should specifically consider the information regarding forward-looking statements and the information set forth under the caption Part I, Item 1A. Risk Factors in our 2017 Form 10-K and the information regarding forward-looking statements and other disclosures in our 2017 Form 10-K, earnings releases and other filings with the SEC from time to time, as well as other cautionary statements contained elsewhere in this report, including the matters discussed in “Critical Accounting Policies and Estimates.” We undertake no obligation beyond that required by law to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future. You should read this report and the documents that we reference in this report and have filed as exhibits to this report completely and with the understanding that our actual future results may be materially different from what we currently expect.

Overview

HealthStream provides workforce and provider solutions for healthcare organizations—all designed to assess and develop the people that deliver patient care, which, in turn, supports the improvement of business and clinical outcomes. Our workforce products are used by healthcare organizations to meet a broad range of their training, certification, competency assessment, performance appraisal, and development needs. Our provider products are used by healthcare organizations for provider credentialing, privileging, call center, and enrollment needs. HealthStream’s customers include healthcare organizations, pharmaceutical and medical device companies, and other participants in the healthcare industry.

On February 12, 2018, the Company divested its PX business to Press Ganey for $65.5 million in cash (without giving effect to the post-closing adjustment based on the working capital of the PX business at closing), resulting in a gain, net of tax, of $19.1 million. The sale of the PX business resulted in the divestiture of the Company’s patient experience solutions business segment. With the proceeds of the sale, our Board of Directors declared a $1.00 per common share special cash dividend, which was paid on April 3, 2018 to shareholders of record on March 6, 2018. For additional information regarding the disposition of the PX business, including certain pro forma financial information reflecting the disposition of the PX business, see our Current Report on Form 8-K filed with the SEC on February 12, 2018.

Key financial indicators of operations for the third quarter of 2018 are set forth in the bullets below. These indicators (i) reflect results from continuing operations (i.e., 2017 and 2018 results do not include the gain on the sale of the PX business or the results of operations of such business prior to this sale), and (ii) 2018 results are presented in accordance with Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"), whereas results for 2017 are presented in accordance with ASC Topic 605, Revenue Recognition ("ASC 605").

- Revenues of $59.9 million in the third quarter of 2018, up 9% from $54.7 million in the third quarter of 2017 with $634,000 positive impact in the third quarter of 2018 from the application of ASC 606
- Operating income of $4.7 million in the third quarter of 2018, up 71% from $2.7 million in the third quarter of 2017 with $1.1 million positive impact in the third quarter of 2018 from the application of ASC 606
- Income from continuing operations of $3.0 million in the third quarter of 2018, up 75% from $1.7 million in the third quarter of 2017 with $819,000 positive impact in the third quarter of 2018 from the application of ASC 606
- Earnings per share ("EPS") from continuing operations of $0.09 per share (diluted) in the third quarter of 2018, compared to EPS from continuing operations of $0.06 per share (diluted) in the third quarter of 2017
- Adjusted EBITDA[1] from continuing operations of $11.1 million in the third quarter of 2018, up 22% from $9.1 million in the third quarter of 2017 with $1.1 million positive impact in the third quarter of 2018 from the application of ASC 606

(1) Adjusted EBITDA and adjusted EBITDA from continuing operations are non-GAAP financial measures. A reconciliation of adjusted EBITDA to net income and a reconciliation of adjusted EBITDA from continuing operations to net income from continuing operations, and disclosure regarding why we believe that these non-GAAP financial measures provide useful information to investors, is included later in this report.

Critical Accounting Policies and Estimates

The Company’s condensed consolidated financial statements are prepared in accordance with US GAAP. These accounting principles require us to make certain estimates, judgments, and assumptions during the preparation of our financial statements. We believe the estimates, judgments, and assumptions upon which we rely are reasonable based upon information available to us at the time they are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates, judgments, or assumptions and actual results, our financial statements will be affected.

The accounting policies and estimates that we believe are the most critical in fully understanding and evaluating our reported financial results include the following:

- Revenue recognition and sales commissions
- Accounting for income taxes
- Software development costs
- Goodwill, intangibles, and other long-lived assets
- Allowance for doubtful accounts
- Stock based compensation

In many cases, the accounting treatment of a particular transaction is specifically dictated by US GAAP and does not require management’s judgment in its application. There are also areas where management’s judgment in selecting among available alternatives would not produce a materially different result. See Notes to the Consolidated Financial Statements in our 2017 Form 10-K and the Notes to the Condensed Consolidated Financial Statements herein which contain additional information regarding our accounting policies and other disclosures required by US GAAP. There have been no changes in our critical accounting policies and estimates from those reported in our 2017 Form 10-K except as disclosed in the Notes to the Condensed Consolidated Financial Statements herein. Note 2 in the Notes to Condensed Consolidated Financial Statements summarizes new accounting guidance issued by the Financial Accounting Standards Board (“FASB”) that has been recently adopted by the Company, or not yet adopted by the Company, and our evaluation of such accounting guidance and the anticipated impact of such guidance (if known) on the Company. Note 3 in the Notes to Condensed Consolidated Financial Statements summarizes our critical accounting polices related to the new revenue recognition accounting standard and its impact on our financial results as reflected in our balance sheet and statements of income.

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

Revenues, net. Revenues increased approximately $5.2 million, or 9%, to $59.9 million for the three months ended September 30, 2018 from $54.7 million for the three months ended September 30, 2017. The application of ASC 606 had a positive impact on revenues of approximately $634,000 for the third quarter of 2018, compared to ASC 605. In addition, revenues for 2018 were positively impacted by lower deferred revenue write-downs, which were $703,000 during the third quarter of 2018, compared to $146,000 during the third quarter of 2017. See “Reconciliation of Non-GAAP Financial Measures” below for additional information.

A comparison of revenues by business segment is as follows (in thousands):

	Three Months Ended		
	September 30,		
Revenues by Business Segment:	2018	2017	Percentage

			Change
Workforce Solutions	$49,128	$44,603	10 %
Provider Solutions	10,797	10,140	6 %
Total revenues, net	$59,925	$54,743	9 %
% of Revenues			
Workforce Solutions	82 %	81 %	
Provider Solutions	18 %	19 %	

Revenues for HealthStream Workforce Solutions increased approximately $4.5 million, or 10%, to $49.1 million for the three months ended September 30, 2018 from $44.6 million for the three months ended September 30, 2017. Revenue growth in 2018 was positively influenced by an increase in subscription-based product revenues, including higher revenues from our resuscitation and compliance products. Our implemented subscriber base increased by 7% over the third quarter of 2017 to 4,827,000 implemented subscribers at September 30, 2018 compared to 4,495,000 implemented subscribers at September 30, 2017.

Additionally, we had a 4% increase in total subscribers over the third quarter of 2017, with 4,852,000 total subscribers at September 30, 2018 compared to 4,649,000 total subscribers at September 30, 2017.

Revenues for HealthStream Provider Solutions increased approximately $657,000, or 6%, to $10.8 million for the three months ended September 30, 2018 from $10.1 million for the three months ended September 30, 2017. This increase was primarily a result of professional services revenues from Morrisey Associates, Inc. ("MAI"), which we acquired in August 2016.

Cost of Revenues (excluding depreciation and amortization). Cost of revenues increased approximately $2.6 million, or 11%, to $25.1 million for the three months ended September 30, 2018 from $22.5 million for the three months ended September 30, 2017. Cost of revenues as a percentage of revenues was 42% and 41% for the three months ended September 30, 2018 and 2017, respectively.

Cost of revenues for HealthStream Workforce Solutions increased approximately $2.4 million to $21.8 million and approximated 44% and 43% of revenues for HealthStream Workforce Solutions for the three months ended September 30, 2018 and 2017, respectively. The increase is primarily associated with increased royalties paid by us resulting from growth in courseware subscription revenues. Cost of revenues for HealthStream Provider Solutions increased approximately $157,000 to $3.3 million and approximated 30% and 31% of HealthStream Provider Solutions revenues for the three months ended September 30, 2018 and 2017, respectively. The increase is primarily associated with increases in personnel costs and hosting over the prior year period.

Product Development. Product development expenses increased approximately $598,000, or 10%, to $6.6 million for the three months ended September 30, 2018 from $6.0 million for the three months ended September 30, 2017. Product development expenses as a percentage of revenues were 11% for both the three months ended September 30, 2018 and 2017.

Product development expenses for HealthStream Workforce Solutions increased approximately $476,000 to $5.4 million and approximated 11% of revenues for HealthStream Workforce Solutions for both the three months ended September 30, 2018 and 2017. The increase is primarily due to increases to personnel over the prior year period. Product development expenses for HealthStream Provider Solutions increased approximately $122,000 to $1.2 million and approximated 12% and 11% of revenues for HealthStream Provider Solutions for the three months ended September 30, 2018 and 2017, respectively. The increase is primarily due to increases to personnel over the prior year period.

Sales and Marketing. Sales and marketing expenses, including personnel costs, decreased approximately $586,000, or 6%, to $8.6 million for the three months ended September 30, 2018 from $9.1 million for the three months ended September 30, 2017. Sales and marketing expenses were 14% and 17% of revenues for the three months ended September 30, 2018 and 2017, respectively.

Sales and marketing expenses for HealthStream Workforce Solutions decreased approximately $249,000 to $6.9 million and approximated 14% and 16% of revenues for HealthStream Workforce Solutions for the three months ended September 30, 2018 and 2017, respectively. The decrease is primarily due to lower personnel costs as well as lower sales commissions resulting from the adoption of ASC 606 effective January 1, 2018. Under ASC 606, costs to acquire contracts with customers, such as initial sales commission payments, are capitalized and amortized consistent with the pattern of revenue recognition, whereas under ASC 605 such costs were expensed, which resulted in faster expense recognition. Sales and marketing expenses for HealthStream Provider Solutions decreased approximately $219,000 to $1.4 million and approximated 13% and 16% of revenues for HealthStream Provider Solutions for the three months ended September 30, 2018 and 2017, respectively. The decrease is due to lower sales commissions as a result of lower sales production and from adopting ASC 606. The unallocated corporate portion of sales and marketing expenses decreased approximately $118,000 to $245,000 compared to the prior year period primarily due to decreases in personnel costs.

Other General and Administrative Expenses. Other general and administrative expenses increased approximately $626,000, or 7%, to $9.0 million for the three months ended September 30, 2018 from $8.4 million for the three months ended September 30, 2017. Other general and administrative expenses as a percentage of revenues were 15% of revenues for both the three months ended September 30, 2018 and 2017.

Other general and administrative expenses for HealthStream Workforce Solutions increased approximately $432,000 to $2.6 million and approximated 5% of HealthStream Workforce Solutions revenues for both the three months ended September 30, 2018 and 2017. The increase is primarily due to higher administrative costs and higher bad debt expense. Other general and administrative expenses for HealthStream Provider Solutions decreased approximately $348,000 to $894,000 and approximated 8% and 12% of HealthStream Provider Solutions revenues for the three months ended September 30, 2018 and 2017, respectively. The decrease is due to a reduction in bad debt expense compared to the prior year period, which resulted from improved collections from customers. The unallocated corporate portion of other general and administrative expenses increased approximately $542,000 to $5.5 million compared to the prior year period primarily due to increases to personnel, contract labor, professional services, and other administrative costs.

Depreciation and Amortization. Depreciation and amortization was approximately $6.0 million for both the three months ended September 30, 2018 and 2017.

Other (Loss) Income, Net. Other (loss) income, net was a loss of approximately $548,000 for the three months ended September 30, 2018 compared to income of $186,000 for the three months ended September 30, 2017. The decrease resulted from a $1.3 million decline in the fair value of a minority equity investment accounted for under the cost method of accounting, but was partially offset by higher interest income of $515,000 from cash and investments in marketable securities.

Income Tax Provision. The Company recorded a provision for income taxes from continuing operations of approximately $1.1 million for the three months ended September 30, 2018 compared to $1.2 million for the three months ended September 30, 2017. The Company's effective tax rate was 26% for the three months ended September 30, 2018 compared to 41% for the three months ended September 30, 2017. The decrease in the effective tax rate primarily resulted from the decrease in the enacted federal corporate income tax rate from 35% to 21% resulting from the Tax Cuts and Jobs Act of 2017 that was signed into law in December 2017.

Income from Continuing Operations. Income from continuing operations was $3.0 million in the third quarter of 2018, up from $1.7 million in the third quarter of 2017. Income from continuing operations in the third quarter of 2018 was positively impacted by the increase in revenues noted above. In addition, the application of ASC 606 positively impacted income from continuing operations in the third quarter of 2018 in the amount of $819,000. Income from continuing operations was negatively impacted in the amount of $938,000, net of tax, from the decline in the fair value of a minority equity investment noted above as well as by the increased amount of deferred revenue write-downs in the third quarter of 2018 compared to the 2017 period. See "Reconciliation of Non-GAAP Financial Measures" below for additional information. EPS from continuing operations was $0.09 and $0.06 per share (diluted) for the three months ended September 30, 2018 and 2017, respectively.

Income on Discontinued Operations. Income from discontinued operations was zero for the three months ended September 30, 2018, compared to $769,000 for the three months ended September 30, 2017.

Net Income. Net income increased approximately $532,000, to $3.0 million for the three months ended September 30, 2018 from $2.5 million for the three months ended September 30, 2017. EPS was $0.09 and $0.08 per share (diluted) for the three months ended September 30, 2018 and 2017, respectively.

Adjusted EBITDA from continuing operations increased 22% to $11.1 million for the third quarter of 2018, compared to $9.1 million for the third quarter of 2017. The application of ASC 606 had a positive impact of $1.1 million on adjusted EBITDA from continuing operations during the third quarter of 2018.

Adjusted EBITDA (from continuing and discontinued operations) increased 2% to $11.1 million for the three months ended September 30, 2018, compared to $11.0 million for the three months ended September 30, 2017. See "Reconciliation of Non-GAAP Financial Measures" below for our reconciliation of Adjusted EBITDA from continuing operations and adjusted EBITDA to the most directly comparable measures under US GAAP.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Revenues, net. Revenues increased approximately $12.2 million, or 8%, to $171.8 million for the nine months ended September 30, 2018 from $159.6 million for the nine months ended September 30, 2017. The adoption of ASC 606 had a positive impact on revenues of approximately $738,000 for the nine months ended September 30, 2018, compared to ASC 605. In addition, revenue for 2018 was positively impacted by lower deferred revenue write-downs, which were $779,000 during the nine months ended September 30, 2018 compared to $1.5 million during the nine months ended September 30, 2017. See "Reconciliation of Non-GAAP Financial Measures" below for additional information.

A comparison of revenues by business segment is as follows (in thousands):

	Nine Months Ended September 30,		
			Percentage
Revenues by Business Segment:	2018	2017	Change
Workforce Solutions	$141,043	$132,561	6 %
Provider Solutions	30,748	27,069	14 %
Total revenues, net	$171,791	$159,630	8 %
% of Revenues			
Workforce Solutions	82 %	83 %	
Provider Solutions	18 %	17 %	

Revenues for HealthStream Workforce Solutions increased approximately $8.5 million, or 6%, over the first nine months of 2017. Revenue growth in 2018 was positively influenced by an increase in subscription-based product revenues, including higher revenues from our resuscitation and compliance products, but was partially offset by an expected decline in ICD-10 readiness revenues of $905,000.

Revenues for HealthStream Provider Solutions increased approximately $3.7 million, or 14%, over the first nine months of 2017. This increase was primarily a result of growth from acquiring new customers and selling new products coupled with increased professional services revenues from our MAI acquisition.

Cost of Revenues (excluding depreciation and amortization). Cost of revenues increased approximately $5.7 million, or 9%, to $70.6 million for the nine months ended September 30, 2018 from $64.9 million for the nine months ended September 30, 2017. Cost of revenues as a percentage of revenues was approximately 41% for both the nine months ended September 30, 2018 and 2017.

Cost of revenues for HealthStream Workforce Solutions increased approximately $4.5 million to $60.7 million and approximated 43% and 42% of revenues for HealthStream Workforce Solutions for the nine months ended September 30, 2018 and 2017, respectively. The increase is primarily associated with increased royalties paid by us resulting from growth in courseware subscription revenues and additions to personnel. Cost of revenues for HealthStream Provider Solutions increased approximately $1.2 million to $9.8 million and approximated 32% of HealthStream Provider Solutions revenues for both the nine months ended September 30, 2018 and 2017. The increase is primarily associated with higher hosting costs and increases to personnel over the prior year period.

Product Development. Product development expenses increased approximately $1.2 million, or 7%, to $19.1 million for the nine months ended September 30, 2018 from $17.9 million for the nine months ended September 30, 2017. Product development expenses as a percentage of revenues were approximately 11% of revenues for both the nine months ended September 30, 2018 and 2017.

Product development expenses for HealthStream Workforce Solutions increased approximately $909,000 to $15.5 million and approximated 11% of revenues for HealthStream Workforce Solutions for both the nine months ended September 30, 2018 and 2017. The increase is primarily due to increases to personnel and related costs over the prior year period. Product development expenses for HealthStream Provider Solutions increased approximately $311,000 to $3.6 million and approximated 12% of revenues for HealthStream Provider Solutions for both the nine months ended September 30, 2018 and 2017. The increase is primarily due to increases to personnel and related costs over the prior year period.

Sales and Marketing. Sales and marketing expenses, including personnel costs, decreased approximately $1.2 million, or 4%, to $26.5 million for the nine months ended September 30, 2018 from $27.8 million for the nine months ended September 30, 2017. Sales and marketing expenses were approximately 15% and 17% of revenues for the nine months ended September 30, 2018 and 2017, respectively.

Sales and marketing expenses for HealthStream Workforce Solutions decreased approximately $1.1 million to $21.4 million and approximated 15% and 17% of revenues for HealthStream Workforce Solutions for the nine months ended September 30, 2018 and 2017, respectively. The decrease is primarily due to lower sales commissions compared to the prior year period as a result of adopting ASC 606 effective January 1, 2018 coupled with reductions to personnel and related costs. Sales and marketing expenses for HealthStream Provider Solutions decreased approximately $54,000 to $4.3 million and approximated 14% and 16% of revenues for HealthStream Provider Solutions for the nine months ended September 30, 2018 and 2017, respectively. The unallocated portion of sales and marketing expenses decreased approximately $47,000 to $903,000 compared to the prior year period.

Other General and Administrative Expenses. Other general and administrative expenses increased approximately $1.5 million, or 6%, to $24.8 million for the nine months ended September 30, 2018 from $23.3 million for the nine months ended September 30, 2017. Other general and administrative expenses as a percentage of revenues were approximately 14% and 15% of revenues for the nine months ended September 30, 2018 and 2017, respectively.

Other general and administrative expenses for HealthStream Workforce Solutions increased approximately $874,000 to $7.0 million and approximated 5% of revenues for HealthStream Workforce Solutions for both the nine months ended September 30, 2018 and 2017. The increase is primarily due to increases in administrative costs and an increase to bad debt expense. Other general and administrative expenses for HealthStream Provider Solutions decreased approximately $404,000 to $3.4 million and approximated 11% and 14% of revenues for HealthStream Provider Solutions for the nine months ended September 30, 2018 and 2017, respectively. The decrease is due to lower bad debt expense compared to the prior year period, which resulted from improved collections from customers, coupled with reductions in personnel expenses. The unallocated corporate portion of other general and administrative expenses increased approximately $1.0 million compared to the first nine months of 2017 primarily due to increases to personnel costs, facilities expenses, and other administrative costs over the prior year period.

Depreciation and Amortization. Depreciation and amortization increased approximately $223,000, or 1%, to $18.1 million for the nine months ended September 30, 2018 from $17.9 million for the nine months ended September 30, 2017. The increase primarily resulted from increased amortization of capitalized software development.

Other (Loss) Income, Net. Other (loss) income, net was income of approximately $241,000 for the nine months ended September 30, 2018 compared to income of $481,000 for the nine months ended September 30, 2017. This decrease resulted from a $1.3 million decline in the fair value of a minority equity investment accounted for under the cost method of accounting, but was partially offset by higher interest income of $1.0 million from cash and investments in marketable securities.

Income Tax Provision. The Company recorded a provision for income taxes of approximately $2.6 million and $2.7 million for the nine months ended September 30, 2018 and 2017, respectively. The Company's effective tax rate was approximately 20% for the nine months ended September 30, 2018 compared to approximately 32% for the nine months ended September 30, 2017. The decrease in the effective tax rate was primarily due to the decrease in the enacted federal corporate income tax rate from 35% to 21% as a result of the Tax Cuts and Jobs Act of 2017 that was signed into law in December 2017, coupled with an increase in excess tax benefits of $264,000, primarily from stock option exercises over the prior year period.

Income from Continuing Operations. Income from continuing operations was $10.3 million for the nine months ended September 30, 2018, up from $5.7 million for the nine months ended September 30, 2017. Income from continuing operations for the nine months ended September 30, 2018 was positively impacted by the increase in revenues noted above. In addition, the application of ASC 606 positively impacted income from continuing operations for the nine months ended September 30, 2018 in the amount of $2.0 million. Income from continuing operations was also positively impacted by lower deferred revenue write-downs, which were $583,000 during the nine months ended September 30, 2018 compared to $1.1 million during the nine months ended September 30, 2017. Income from continuing operations was negatively impacted in the amount of $938,000, net of tax, from the decline in the fair value of a minority equity investment noted above. See "Reconciliation of Non-GAAP Financial Measures" below for additional information. EPS from continuing operations was $0.32 and $0.18 per share (diluted) for the nine months ended September 30, 2018 and 2017, respectively.

Income from Discontinued Operations. Income from discontinued operations was $19.1 million for the nine months ended September 30, 2018, compared to $388,000 for the nine months ended September 30, 2017. Income from discontinued operations during the nine months ended September 30, 2018 was primarily driven by the gain, net of tax, of $19.1 million recognized by the Company in connection with the sale of the PX business, which occurred on February 12, 2018.

Net Income. Net income increased approximately $23.4 million to $29.4 million for the nine months ended September 30, 2018 compared to $6.1 million for the nine months ended September 30, 2017. The year over year increase was attributable to the
$19.1 million gain from the sale of the PX business and $4.7 million improvement in income from continuing operations. EPS was $0.91 and $0.19 per share (diluted) for the nine months ended September 30, 2018 and 2017, respectively.

Adjusted EBITDA from continuing operations increased 19% to $32.1 million for the nine months ended September 30, 2018, compared to $27.0 million for the nine months ended September 30, 2017. The application of ASC 606 had a positive impact of $2.5 million on adjusted EBITDA from continuing operations during the nine months ended September 30, 2018.

Adjusted EBITDA (from continuing and discontinued operations) increased 109% to $61.6 million for the nine months ended September 30, 2018 compared to $29.5 million for the nine months ended September 30, 2017. This increase resulted from the factors mentioned above. See "Reconciliation of Non-GAAP Financial Measures" below for our reconciliation of adjusted EBITDA from continuing operations and adjusted EBITDA to the most directly comparable measures under US GAAP.

Discontinued Operations

On February 12, 2018, the Company divested its PX business to Press Ganey for $65.5 million in cash (without giving effect to the post-closing adjustment based on the working capital of the PX business at closing). This sale of the PX business resulted in the divestiture of our patient experience solutions business segment. We recorded a gain on sale, net of tax, of $19.1 million. With the proceeds of this sale, our Board of Directors declared a $1.00 per common share special cash dividend, which was paid on April 3, 2018 to shareholders of record on March 6, 2018.

We have classified the results of our PX business segment as discontinued operations in our condensed consolidated statements of income and cash flows for all periods presented. Additionally, the related assets and liabilities associated with the discontinued operations are classified as discontinued in our condensed consolidated balance sheet as of December 31, 2017. See Note 8 to our condensed consolidated financial statements included in this report for additional information.

Other Developments

As previously announced, Laerdal Medical A/S, a Norwegian company (“Laerdal”), provided notice that, upon the December 31, 2018 expiration of our existing agreements with Laerdal regarding the HeartCode and Resuscitation Quality Improvement (“RQI”) products, Laerdal does not intend to continue these existing agreements or enter into new agreements with HealthStream in relation to such products. Our Joint Marketing and Licensing Agreements with Laerdal for HeartCode and for RQI, respectively, remain unaltered and continue in effect through December 31, 2018. Up to that expiration date, we retain the right to offer HeartCode and RQI licenses that extend through December 31, 2020. We retain exclusivity of RQI sales to our existing customer network through the agreement expiration date of December 31, 2018 and are prohibited from marketing, selling, and distributing substantially similar products to HeartCode and RQI during that time.

Revenues associated with the sales of HeartCode and RQI products have been significant in recent years, although margins on such products have been lower than HealthStream’s average margin. We continue to be actively engaged in efforts to broaden the scope and utilization of our simulation-related offerings to include a range of clinical competencies that extend beyond resuscitation, and integrate with our platform in ways that HeartCode and RQI never have. We intend to bring to market a broadened scope of simulation-based offerings, including— following the December 31, 2018 expiration date of our agreements with Laerdal—resuscitation programs. We believe these efforts have the potential to give rise to additional and higher margin opportunities than currently exist under the Laerdal agreements for HeartCode and RQI, and will likely feature solutions with a lower price point than our current offerings. However, there is no assurance that we will be successful in these efforts, and to the extent that new simulation-based or other solutions do not generate revenue and/or earnings following the December 31, 2018 expiration date in a manner that supplants the impact of these agreements with Laerdal, our revenue and results of operations following this expiration date may be adversely affected.

Reconciliation of Non-GAAP Financial Measures

This report contains certain non-GAAP financial measures, including non-GAAP net income, non-GAAP operating income, adjusted EBITDA from continuing operations, and adjusted EBITDA, which are used by management in analyzing our financial results and ongoing operational performance. These non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance which are prepared in accordance with US GAAP and may be different from non-GAAP financial measures used by other companies.

In order to better assess the Company’s financial results, management believes that net income before interest, income taxes, share-based compensation, depreciation and amortization, and changes in fair value of cost method investments (“adjusted EBITDA”) is a useful measure for evaluating the operating performance of the Company because adjusted EBITDA reflects net income adjusted for certain non-cash and non-operating items. Effective January 1, 2018, the Company adopted ASU 2016-01, which (among other things) requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. During the three months ended September 30, 2018, the Company recorded a reduction to net income and net income from continuing operations from a change in the fair value of a minority equity investment accounted for under the cost method of accounting. The Company has included this adjustment in the calculation of adjusted EBITDA, and intends to continue to include any positive or negative changes in fair value of cost method investments in the calculation of adjusted EBITDA on a prospective basis, because management believes that such changes do not represent the ongoing operational performance of the Company. Management also believes that adjusted EBITDA from continuing operations is a useful measure for evaluating the operating performance of the Company because such measure excludes the results of operations of the PX business that we no longer own and thus reflects the Company’s ongoing business operations and assists in comparing the Company’s results of operations between periods.   We also believe that adjusted EBITDA and adjusted EBITDA from continuing operations are useful to many investors to assess the Company’s ongoing results from current operations. Adjusted EBITDA and adjusted EBITDA from continuing operations are non-GAAP financial measures and should not be considered as measures of financial performance under GAAP. Because adjusted EBITDA and adjusted EBITDA from continuing operations are not measurements determined in accordance with GAAP, such non-GAAP financial measures are susceptible to varying calculations. Accordingly, adjusted EBITDA and adjusted EBITDA from continuing operations, as presented, may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools, and should not be considered in isolation or as substitutes for an analysis of the Company’s results as reported under US GAAP.

In recent years, including in connection with the August 2016 acquisition of MAI, the Company has acquired businesses whose net tangible assets include deferred revenue. In accordance with GAAP reporting requirements, following the completion of any such acquisition, the Company must record the acquired deferred revenue at fair value as defined in US GAAP, which may result in a write-down of deferred revenue. If the Company is required to record a write-down of deferred revenue, it may result in lower recognized revenue, operating income, and net income in subsequent periods.

In connection therewith, this report presents below non-GAAP operating income and non-GAAP net income, which in each case reflects the corresponding GAAP figures adjusted to exclude the impact of the deferred revenue write-down associated with fair value accounting for acquired businesses as referenced above. Management believes that the presentation of these non-GAAP financial measures assists investors in understanding the Company’s performance between periods by excluding the impact of this deferred revenue write-down and provides a useful measure of the ongoing performance of the Company. As is typical for our business offerings, revenue for the acquired business is deferred and typically recognized over a one-to-two year period following the completion of any particular acquisition, so our GAAP revenues (and, thus, our GAAP operating income and net income) for this one-to-two year period will not reflect the full amount of revenues that would have been reported if the acquired deferred revenue was not written down to fair value.

A reconciliation of adjusted EBITDA, adjusted EBITDA from continuing operations, Non-GAAP operating income, and Non-GAAP net income to the most directly comparable GAAP measures is set forth below (in thousands).

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
GAAP income from continuing operations	$3,036	$1,735	$10,320	$5,668
Interest income	(736)	(221)	(1,586)	(583)
Interest expense	32	35	98	97
Income tax provision	1,077	1,182	2,575	2,709
Stock based compensation expense	459	401	1,306	1,241
Depreciation and amortization	6,006	5,971	18,097	17,874
Change in fair value of cost method investments	1,271	—	1,271	—
Adjusted EBITDA from continuing operations	$11,145	$9,103	$32,081	$27,006
GAAP net income	$3,036	$2,504	$29,427	$6,056
Interest income	(736)	(221)	(1,586)	(583)
Interest expense	32	35	98	97
Income tax provision	1,077	1,651	12,894	3,083
Stock based compensation expense	459	440	1,215	1,358
Depreciation and amortization	6,006	6,570	18,279	19,488
Change in fair value of cost method investments	1,271	—	1,271	—
Adjusted EBITDA	$11,145	$10,979	$61,598	$29,499
GAAP operating income	$4,661	$2,731	$12,654	$7,896
Adjustment for deferred revenue write-down	703	146	779	1,539
Non-GAAP operating income	$5,364	$2,877	$13,433	$9,435
GAAP net income	$3,036	$2,504	$29,427	$6,056
Adjustment for deferred revenue write-down, net of tax	519	87	583	1,077
Non-GAAP net income	$3,555	$2,591	$30,010	$7,133

Liquidity and Capital Resources

Net cash provided by operating activities from continuing operations decreased by $2.5 million to $29.8 million during the nine months ended September 30, 2018 from $32.4 million during the nine months ended September 30, 2017. The decrease compared to the prior year period primarily resulted from changes in prepaid expenses and other current assets, other assets, and accounts payable and accrued expenses. The number of days sales outstanding (“DSO”) was 46 days for the third quarter of 2018 compared to 56 days for the third quarter of 2017. The decrease in DSO primarily relates to improved collections in the Provider Solutions segment as compared to the prior year period. The Company calculates DSO by dividing the average accounts receivable balance for the quarter by average daily revenues for the quarter. The Company’s primary sources of cash were receipts generated from the sales of our products and services. The primary uses of cash to fund operations included personnel expenses, sales commissions, royalty payments, payments for contract labor and other direct expenses associated with delivery of our products and services, and general corporate expenses.

Net cash provided by investing activities from continuing operations was approximately $47.0 million for the nine months ended September 30, 2018 compared to net cash used in investing activities from continuing operations of $22.5 million for the nine months ended September 30, 2017. During the nine months ended September 30, 2018, the Company divested its PX business segment, receiving proceeds from the sale of $57.8 million (not including the $6.55 million portion of the purchase price being held in escrow for a period of time following the closing as a source of recovery for indemnification claims) and had maturities of marketable securities of $59.5 million. These sources of cash were partially offset by purchases of $4.3 million of property and equipment, $8.0 million for capitalized software development, and $57.1 million for investments in marketable securities. During the nine months ended September 30, 2017, the Company's uses of cash included $79.3 million for investments in marketable securities, $4.8 million for purchases of property and equipment, $500,000 for cost method investments, and $7.5 million for capitalized software development. These uses of cash were partially offset by maturities of marketable securities of $69.6 million.

Net cash used in financing activities from continuing operations was approximately $30.1 million for the nine months ended September 30, 2018 compared to $88,000 for the nine months ended September 30, 2017. For the nine months ended September 30, 2018, the Company made cash dividend payments of $32.4 million and made an earn-out payment of $38,000 in connection with a prior business combination. The uses of cash for both the nine months ended September 30, 2018 and 2017 included the payment of employee payroll taxes in relation to the vesting of restricted stock units ("RSU"). In this regard, the Company net-share settled the employee RSUs by withholding shares with value equivalent to the employee's minimum statutory obligation for the applicable income and other employment taxes. The source of cash from financing activities for both the nine months ended September 30, 2018 and 2017 was from the exercise of stock options.

Our balance sheet reflects positive working capital of $133.2 million at September 30, 2018 compared to $98.7 million at December 31, 2017. The increase in working capital is primarily a result of the proceeds from the PX business divestiture, offset by the payment of cash dividends. The Company's primary source of liquidity as of September 30, 2018 was $130.3 million of cash and cash equivalents and $44.0 million of marketable securities. The Company also has a $50.0 million revolving credit facility, all of which was available for additional borrowing at September 30, 2018. The revolving credit facility expires on November 24, 2018, and we plan to renew the facility prior to such date on similar terms as the current facility.

We believe that our existing cash and cash equivalents, marketable securities, cash generated from operations, and available borrowings under our revolving credit facility will be sufficient to meet anticipated working capital needs, new product development, and capital expenditures for at least the next 12 months.

In addition, the Company's growth strategy includes acquiring businesses or making strategic investments in businesses that complement or enhance our business. It is anticipated that future acquisitions or strategic investments, if any, would be effected through cash consideration, stock consideration, or a combination of both. The issuance of our stock as consideration for an acquisition or to raise additional capital could have a dilutive effect on earnings per share and could adversely affect our stock price. Our revolving credit facility contains financial covenants and availability calculations designed to set a maximum leverage ratio of outstanding debt to adjusted EBITDA and an interest coverage ratio of adjusted EBITDA to interest expense. Therefore, the maximum borrowings against our revolving credit facility would be dependent on the covenant calculations at the time of borrowing. As of September 30, 2018, we were in compliance with all covenants. There can be no assurance that amounts available for borrowing under our revolving credit facility will be sufficient to consummate any possible acquisitions, and we cannot assure you that if we need additional financing that it will be available on terms favorable to us, or at all. Failure to generate sufficient cash flow from operations or raise additional capital when required in sufficient amounts and on terms acceptable to us could harm our business, financial condition and results of operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk from changes in interest rates. We do not have any foreign currency exchange rate risk or commodity price risk. As of September 30, 2018 and during the nine months then ended, the Company had no outstanding debt. We may become subject to interest rate market risk associated with any future borrowings under our revolving credit facility. The interest rate under the revolving credit facility varies depending on the interest rate option selected by the Company plus a margin determined in accordance with a pricing grid. We are also exposed to market risk with respect to our cash and investment balances, which approximated $174.3 million at September 30, 2018. Assuming a hypothetical 10% decrease in interest rates for invested balances, interest income from cash and investments would decrease on an annualized basis by approximately $365,000.

The Company's investment policy and strategy is focused on investing in highly rated securities, with the objective of minimizing the potential risk of principal loss. The Company's policy limits the amount of credit exposure to any single issuer and sets limits on the average portfolio maturity.

The above market risk discussion and the estimated amounts presented are forward looking statements of market risk assuming the occurrence of certain adverse market conditions. Actual results in the future may differ materially from those projected as a result of actual developments in the market.

Item 4. Controls and Procedures

Evaluation of Controls and Procedures

HealthStream's chief executive officer and principal financial officer have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Quarterly Report. Based on that evaluation, the chief executive officer and principal financial officer have concluded that HealthStream's disclosure controls and procedures were effective to ensure that the information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and the information required to be disclosed in the reports the Company files or submits under the Exchange Act was accumulated and communicated to the Company's management, including its chief executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in HealthStream's internal control over financial reporting that occurred during the third quarter of 2018 that has materially affected, or that is reasonably likely to materially affect, HealthStream's internal control over financial reporting.

PART II OTHER INFORMATION

Item 6. Exhibits

(a) Exhibits

31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1 INS	XBRL Instance Document
101.1 SCH	XBRL Taxonomy Extension Schema
101.1 CAL	XBRL Taxonomy Extension Calculation Linkbase
101.1 DEF	XBRL Taxonomy Extension Definition Linkbase
101.1 LAB	XBRL Taxonomy Extension Label Linkbase
101.1 PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEALTHSTREAM, INC.

October 29, 2018 By: /s/ Gerard M. Hayden, Jr.
Gerard M. Hayden, Jr.
Chief Financial Officer