§ 161. Health insurance. 1. The president is hereby authorized and directed to establish a health benefit plan for state officers and employees and their dependents and officers and employees of the state colleges of agriculture, home economics, industrial labor relations and veterinary medicine, the state agricultural experiment station at Geneva, and any other institution or agency under the management and control of Cornell university as the representative of the board of trustees of the state university of New York, and the state college of ceramics under the management and control of Alfred university as the representative of the board of trustees of the state university of New York and their dependents which, subject to the conditions and limitations contained in this article, and in the regulations of the president, will provide for group hospitalization, surgical and medical insurance against the financial costs of hospitalization, surgery, medical treatment and care, and may include, among other things prescribed drugs, medicines, prosthetic appliances, hospital in-patient and out-patient service benefits and medical expense indemnity benefits.

2. Such health insurance shall not include expenses incurred by or on account of an individual prior to the effective date of the plan as to him or her; cosmetic surgery or treatment except to the extent necessary for correction of damage caused by accidental injury while covered by the plan or as direct result of diseases covered by the plan; services received because of illness or injury arising out of or in the course of employment and entitling the individual to benefits under a workers' compensation or occupational disease law; services received in a hospital owned or operated by the United States government for which no charge is made; services received for injury or sickness due to war or any act of war, whether declared or undeclared, which war or act of war shall have occurred after the effective date of this plan; expenses for which the individual is not required to make payment; expenses to the extent of benefits provided under any employer group plan other than this plan, and such other expenses as may be excluded by regulations of the president.

3. The health benefit plan shall be designed by the president (1) to provide a reasonable relationship between the hospital, surgical and

medical benefits to be included, and the expected distribution of expenses of each such type to be incurred by the covered employees and dependents, and (2) to include reasonable controls, which may include deductible and coinsurance provisions applicable to some or all of the benefits, to reduce unnecessary utilization of the various hospital, surgical and medical services to be provided and to provide reasonable assurance of stability in future years of the plan, and (3) to provide benefits on a non-discriminatory basis to the extent possible, to active members throughout the state, wherever located.