NDSU AGRICULTURAL RISK POLICY CENTER

Prevented Planting After Buy-Up Elimination: Coverage Level Substitution, Producer Costs, and the Role of Enhanced Premium Subsidies Under the One Big Beautiful Bill (OBBB)

ARPC White Paper 2026–01

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January 7, 2026

Key Insights

- **Eliminating prevented planting (PP) buy-up shifts PP risk management from a targeted election to an integrated coverage level decision, reducing producer flexibility.** Producers can no longer adjust PP protection independently of broader yield and revenue coverage, linking early-season risk management directly to overall insurance exposure regardless of their specific early-season risk profile.
- **Coverage level increases can only partially and imperfectly substitute for former PP buy-up, but equivalence is nonlinear and constrained.** Modest coverage increases can approximate buy-up protection at moderate coverage levels, but substitution fails at both low and high coverage levels and becomes infeasible as producers approach the 85 percent coverage ceiling.
- **Observed coverage elections constrain and, for some producers, eliminate their ability to offset buy-up elimination.** By 2025, most insured acres were already concentrated at coverage levels of 70 percent or higher, leaving some producers with little to no remaining capacity to replace lost buy-up protection through additional coverage.
- **Observed producer responses show some limited and incomplete coverage level substitution following the 2018 elimination of the 10 percent prevented planting buy-up.** Former buy-up users gradually shift toward higher coverage tiers, but many remain unable to fully restore prior protection, while base-only participants exhibit little change, indicating adjustments where feasible but binding constraints from existing coverage levels and coverage ceilings for a substantial share of producers.
- **Premium subsidy structure determines whether coverage substitution imposes acceptable costs on producers.** Under the 2018 Farm Bill, declining subsidy rates would have implied 24.43 to 41.27 percent premium increases, rendering coverage level substitution largely infeasible. Enhanced subsidies under OBBB reduce (but do not eliminate) these increases. As a result, substitution becomes economically viable for some producers, though producer-paid premiums remain materially higher than pre-elimination levels, indicating that OBBB subsidies are partly absorbed by offsetting the loss of buy-up coverage.
- **Distributional impacts depend more on subsidy design and initial coverage positions than on prevented planting risk alone.** Under OBBB, producers with stable production histories and room to increase coverage can offset buy-up elimination through enhanced subsidies, while those already near coverage limits face binding constraints and limited adjustment options.

Background

Prevented planting (PP) is a component of the Federal Crop Insurance Program (FCIP) that provides indemnity protection when eligible weather-related conditions, such as excessive moisture, flooding, or other natural perils, prevent a producer from planting an insured crop by the final planting date or during an approved late planting period (Boyer et al., 2023; Lee and Abatzoglou, 2023). When a PP claim is triggered, indemnities are based on a percentage of the producer's insurance guarantee rather than on realized yield or revenue, reflecting that the crop was never planted. Prevented planting coverage is designed to address asymmetric early-season production risk that is not captured by standard yield or revenue losses occurring later in the growing season.

Unlike the underlying insurance policy, which protects against realized production or revenue shortfalls, PP coverage is intended to compensate producers for costs incurred in preparing fields for planting that ultimately does not occur. These costs include land preparation, input commitments, and other pre-planting expenditures, which vary substantially by crop, region, and production system (Chakravorty et al., 2025a). As a result, PP coverage plays a distinct role within FCIP by providing financial protection against a narrow but economically significant set of early-season risks.

Prevented planting has historically been especially important in regions and cropping systems subject to persistent early-season weather risk, including rice production in Arkansas and California and corn production in the Dakotas (Chakravorty et al., 2025b; Turner et al., 2025). Although PP payments are often perceived as a separate form of insurance, they are mechanically derived from the same yield or revenue guarantee as the producer's underlying policy. Consequently, PP indemnities are directly linked to the producer's elected coverage level, approved production history, and the price used to establish the insurance guarantee (Boyer and Smith, 2019; Adkins et al., 2020; Boyer et al., 2024).

Prior to recent policy changes, producers could enhance this protection through optional PP "buy-up" elections. For a relatively small premium surcharge, typically on the order of 2 to 6 percent (as of 2025) of the underlying basic policy premium, buy-up allowed producers to increase PP indemnities without altering their base coverage level. This structure provided a targeted adjustment margin, enabling producers to manage PP risk independently from broader yield and revenue risk.

This adjustment margin was eliminated by the U.S. Department of Agriculture's Federal Crop Insurance Corporation (FCIC) through the Expanding Access to Risk Protection (EARP) final rule, issued on November 28, 2025. Beginning with the 2027 commodity year, producers can no longer purchase PP buy-up

coverage. While the rule was finalized in late 2025, the economic effects analyzed in this paper are prospective and pertain to producer decisions in post-2026 commodity years. [1] As a result, coverage level selection becomes the primary remaining mechanism through which producers can influence PP indemnity magnitudes, fundamentally integrating PP risk management into broader coverage decisions.

This ARPC White Paper examines the economic implications of the EARP policy change, focusing on three core questions:

- How does the elimination of PP buy-up alter the mechanical relationship between the base insurance policy coverage levels and PP indemnities?
- To what extent can producers replicate former buy-up protection by increasing coverage for the base insurance policy?
- How do producer out-of-pocket premium costs under EARP compare between the 2018 Farm Bill subsidy structure and the enhanced subsidies introduced under OBBB?

Data Sources

This analysis draws on multiple administrative datasets from the U.S. Department of Agriculture's Risk Management Agency (RMA). Aggregate program participation and financial outcomes are obtained from the RMA Summary of Business (SOB) database, which reports insured acreage, number of policies, liabilities, total premiums, premium subsidies, and indemnities at the commodity, state, and national levels. Actuarial parameters specific to PP, including payment factors and associated premium surcharges, are retrieved from RMA's Actuarial Data Master (ADM) and Insurance Control Elements (ICE) databases. These sources provide the policy and actuarial terms necessary to characterize the mechanical relationship between coverage levels and PP indemnities. Farm-level coverage elections and policy characteristics are derived from the Policy Acceptance and Storage System (PASS), which contains policy-level records on insurance plan selection, coverage levels, unit structures, premiums, and endorsements. Together, these datasets span the 2011–2025 commodity years and allow the analysis to combine aggregate participation

[1] The changes will be effective for the 2026 and succeeding crop years for crops with a contract change date on or after November 30, 2025. For all other crops, the changes to the policies made in this rule are applicable for the 2027 and succeeding crop years.

patterns with observed producer-level coverage adjustments.

Prevented Planting as a Function of the Underlying Policy

Prevented planting protection is embedded within standard production history insurance plans (i.e., Actual Production History (APH), Yield Protection (YP), Revenue Protection (RP), or Revenue Protection with Harvest Price Exclusion (RP - HPE)) rather than offered as a standalone policy. Prevented planting indemnities are calculated as a fraction (approximately 40 to 65 percent, since 2018) of the producer's insured guarantee and therefore scale mechanically with the parameters that define that guarantee; most notably the elected coverage level. In simplified terms, the effective PP guarantee, expressed as a share of expected production value, can be written as:

$$\textit{Effective PP Guarantee Share} = \textit{Coverage Level} \times \textit{PP Payment Factor}$$

While product-specific details vary across crops and plans (see Table 1), the central implication is consistent: higher basic coverage levels raise PP protection proportionally because the PP payment is anchored to the underlying guarantee.

Figure 1 illustrates this mechanical relationship. For a given prevented planting election, the effective PP guarantee increases nearly linearly as the basic policy coverage level rises from 50 to 85 percent. Under the basic PP factor, higher coverage translates directly into higher effective PP protection.

Pre-EARP buy-up elections shift this relationship upward at every coverage level by applying a multiplier to the PP payment factor, producing parallel increases in the effective guarantee without altering the slope of the relationship. As shown in Figure 1, historical 5 percent buy-up elections (and earlier 10 percent options eliminated starting with the 2018 commodity year) raises PP protection uniformly across coverage levels, allowing producers to enhance PP indemnities while holding the underlying guarantee constant.

Prior to EARP, this structure provided a targeted mechanism for managing PP risk, particularly attractive in regions with frequent planting delays but relatively limited non-PP losses. Economically, buy-up coverage decoupled PP protection from broader yield or revenue risk exposure by increasing PP indemnities without uniformly increasing indemnity exposure in non-PP loss years. The dispersion shown around each

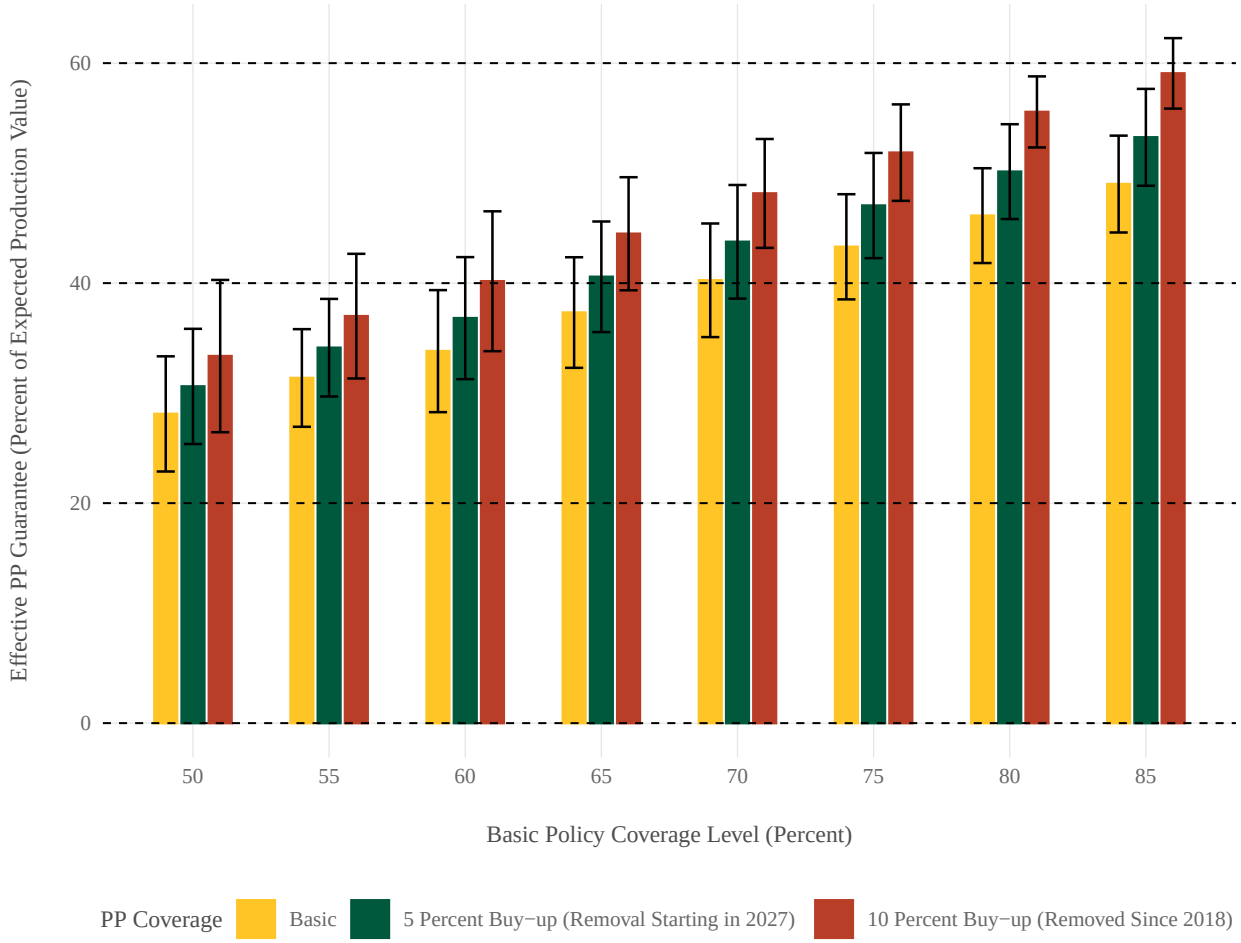
Table 1: ***Prevented Planting Payment Factors and Buy-Up Premium Surcharges by Commodity.***

	Prevented Planting Payment Factor			Prevented Planting Buy-up Premium Surcharge Multiplier	
Commodity	Basic only (2018-2024)	Basic + 5% buy-up (2018-2024)	Basic + 10% buy-up (2011-2017)	Basic + 5% buy-up (2018-2024)	Basic + 10% buy-up (2011-2017)
Barley	0.60	0.65	0.70	1.03	1.06
Canola	0.55	0.60	0.65	1.03	1.07
Corn	0.55	0.60	0.65	1.03	1.05
Cotton	0.50	0.55	0.60	1.03	1.05
Dry Beans	0.50	0.55	0.70	1.04	1.07
Dry Peas	0.60	0.65	0.70	1.05	1.08
Flax	0.60	0.65	0.70	1.06	1.12
Grain Sorghum	0.60	0.65	0.70	1.03	1.05
Green Peas	0.40	0.45	0.50	1.03	1.06
Millet	0.60	0.65	0.70	1.04	1.08
Mustard	0.60	0.65	0.70	1.03	1.07
Oats	0.60	0.65	0.70	1.03	1.06
Peanuts	0.50	0.55	0.60	1.03	1.06
Potatoes	0.25	0.30	0.35	1.03	1.06
Rice	0.45	0.50	0.55	1.04	1.08
Rye	0.60	0.65	0.70	1.05	1.10
Safflower	0.60	0.65	0.70	1.04	1.08
Soybeans	0.60	0.65	0.70	1.03	1.05
Sugar Beets	0.45	0.50	0.55	1.04	1.07
Sunflowers	0.60	0.65	0.70	1.04	1.08
Triticale	0.60	0.65	0.70	1.03	1.05
Wheat	0.60	0.65	0.70	1.03	1.06

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency as of January 06, 2026.

point in Figure 1 highlights that while the mechanical relationship is consistent, realized PP protection varies across commodities.

Figure 1: ***Effective Prevented Planting (PP) Guarantee Factor Scales with the Underlying Basic Policy.***



Note: Effective prevented planting guarantee (percent of expected production value) by basic policy coverage level under basic, 5 percent buy-up, and 10 percent buy-up elections. Values represent weighted means; vertical bars reflect weighted dispersion based on net insured acres.

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of January 06, 2026.

Elimination of Buy-Up and the Shift to Coverage Level Adjustment

The EARP rule removes the option to elect PP buy-up coverage while retaining the basic PP factor embedded in existing policies. Rather than eliminating PP protection, the rule consolidates all adjustment

into the underlying coverage level decision. With buy-up eliminated, coverage level selection becomes the primary mechanism through which producers influence PP indemnities. Under YP, higher coverage increases PP payments proportionally but also expands indemnity exposure to non-PP yield losses. Under RP, coverage increases affect both yield and price components, potentially amplifying PP payments in high-price or volatile markets while increasing producer-paid premiums. Across both products, a producer's yield history plays a central role: producers with long, stable history can substitute coverage more efficiently, whereas those with limited or volatile histories face higher costs for smaller PP gains. As a result, producers seeking to maintain prior PP indemnity levels must now assess whether higher base policy coverage can effectively substitute for the eliminated buy-up option.

This shift has two immediate implications:

- Prevented planting risk management becomes inseparable from basic-policy risk management.
- Increasing coverage to boost PP protection also means higher premiums and greater exposure across all insured risks, not just prevented planting.

Approximate Equivalence Through Coverage Increases

Figure 1 highlights how the elimination of PP buy-up shifts adjustment margins toward basic coverage level elections but also demonstrates that equivalence between buy-up and coverage increases is neither uniform nor one-for-one across the coverage distribution. While modest increases in coverage can approximate the indemnity effect of former buy-up elections, this equivalence varies systematically with the producer's starting coverage level.

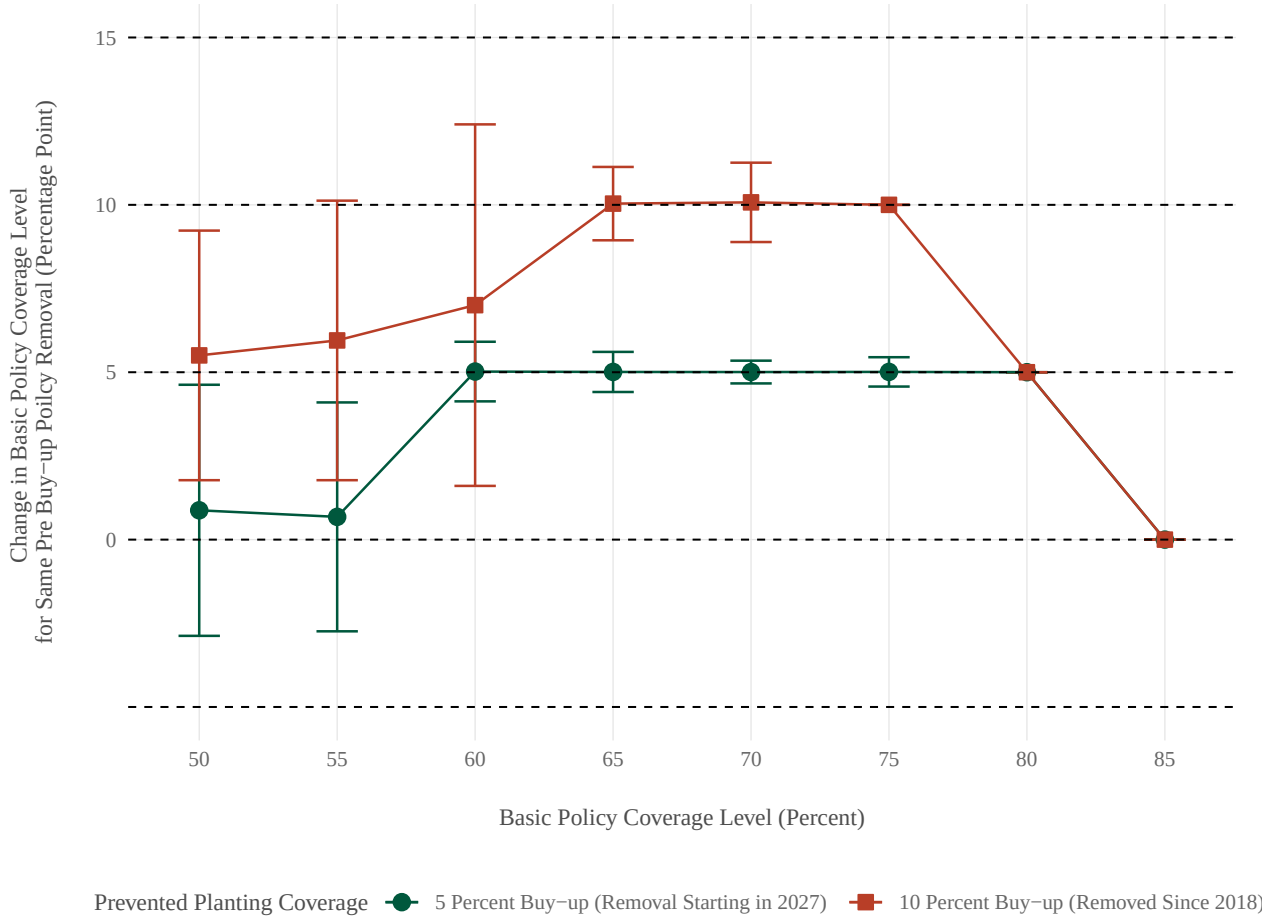
At moderate coverage levels (roughly 60–75 percent), replicating the protection previously provided by a 5 percent PP buy-up generally requires an increase of about 5 percentage points in basic coverage. In contrast, approximating the former 10 percent buy-up at these same coverage levels requires substantially larger adjustments (on the order of 7 to 10 percentage points) reflecting the stronger indemnity enhancement embedded in the higher buy-up election. These results indicate that substitution becomes increasingly costly, in coverage terms, as the magnitude of the eliminated buy-up increases.

At lower coverage levels (50–55 percent), required adjustments are smaller and more variable, reflecting both lower insured liabilities and nonlinearities in the relationship between coverage levels and PP indem-

nities. In these cases, coverage increases of only 1 percentage point may approximate a 5 percent buy-up, while replicating a 10 percent buy-up requires more modest adjustments than at higher coverage levels. This nonlinearity underscores that coverage-based substitution affects indemnities across all loss scenarios rather than targeting prevented planting outcomes alone.

At higher coverage levels (80 percent and above), substitution capacity becomes constrained. Because coverage levels for PP eligible plans are capped (at 85 percent), producers already operating near the upper bound face limited ability to replace lost buy-up protection through additional coverage increases. As shown in Figure 2, the required adjustment converges mechanically toward the remaining feasible increment, highlighting that equivalence breaks down entirely once producers reach the coverage ceiling.

Figure 2: ***Potential Shift to Coverage Level Adjustment Post Prevented Planting (PP) Buy-Up Removal.***



Note: Increase in basic policy coverage level required to replicate the effective PP guarantee previously achieved through buy-up elections. Points represent weighted means and vertical bars reflect weighted dispersion, all based on net insured acres.

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of January 06, 2026.

Figure 1 and Figure 2 demonstrate that modest coverage increases can approximate the indemnity effects of former PP buy-up elections, particularly at moderate coverage levels. However, the equivalence is inherently approximate, nonlinear, and constrained at both low and high ends of the coverage distribution. Replacing PP buy-up with higher coverage necessarily alters indemnities and premiums across all insured perils, suggesting that coverage-based adjustments may not fully replicate the targeted protection previously provided by PP buy-up elections.

Observed Coverage Level Elections and Constraints on Substitution

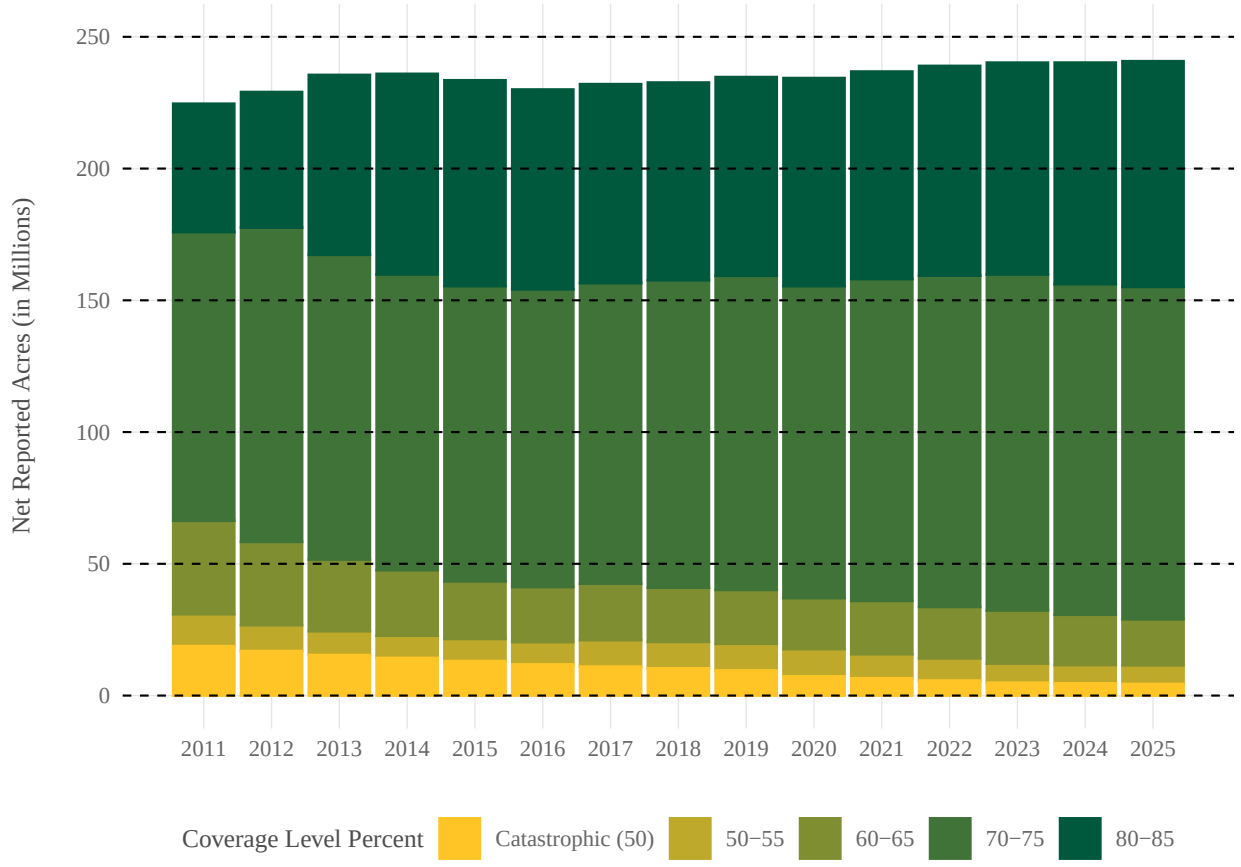
Observed producer elections for coverage levels for PP eligible plans provide essential context for assessing how producers can respond to the elimination of PP buy-up. Figure 3 shows a sustained and monotonic shift toward higher coverage levels between 2011 and 2025. Over this period, insured acreage at catastrophic (50 percent) coverage declined sharply, from 18.74 million acres in 2011 to 4.38 million acres by 2025, while participation at the 50–55 percent level also trended downward, falling from 12.12 million acres to 7.12 million acres. Coverage at intermediate levels (60–65 percent) peaked early in the period and gradually declined thereafter, dropping from 35.49 million acres in 2011 to 17.47 million acres in 2025.

In contrast, participation at higher coverage levels expanded steadily and now dominates the insured landscape. Acres insured at the 70–75 percent level increased from approximately 109.57 million in 2011 to 126.15 million by 2025, while acreage at the 80–85 percent level grew even more dramatically, from about 48.68 million acres to 85.62 million over the same period. By 2025, 211.77 million insured acres, well over three-quarters of total participation, were concentrated at coverage levels of 70 percent or higher.

This concentration at high coverage levels materially constrains the scope for coverage level substitution following the removal of PP buy-up. Producers already insured at 80–85 percent coverage face little or no remaining capacity to increase coverage further, rendering full replacement of lost PP buy-up protection infeasible through coverage adjustments alone. Even producers at the 70–75 percent level, while not yet at the coverage ceiling, face a narrowing substitution margin as incremental coverage increases become increasingly limited. As a result, although historical trends reveal a strong revealed preference for higher protection, the 2025 coverage distribution implies that many producers have already exhausted the primary adjustment margin available under EARP. Consequently, the capacity to offset PP buy-up elimina-

tion through higher coverage is unevenly distributed across producers and structurally limited for a large share of insured acres.

Figure 3: ***Crop Producer Choice of Coverage Level (2011-2025).***



Note: Landed price in China includes shipping and insurance costs with tariffs (both MFN and retaliatory). The retaliatory tariff spike in April 2025 is not captured for presentation purposes.

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of January 06, 2026.

Observed Coverage Level Adjustment Following 10 Percent Buy-Up Removal in 2018

The aggregate coverage distributions documented in the previous section highlight the structural constraints facing producers following the elimination of PP buy-up. While those distributions indicate limited remaining capacity for coverage level adjustment, particularly among producers already insured at

70 percent coverage or higher, they do not directly reveal how individual farms adjust their policy choices in response to the removal of buy-up coverage. To examine observed behavioral responses, this section analyzes farm-level coverage elections along a policy sequence anchored to the 2018 removal of the 10 percent PP buy-up option.

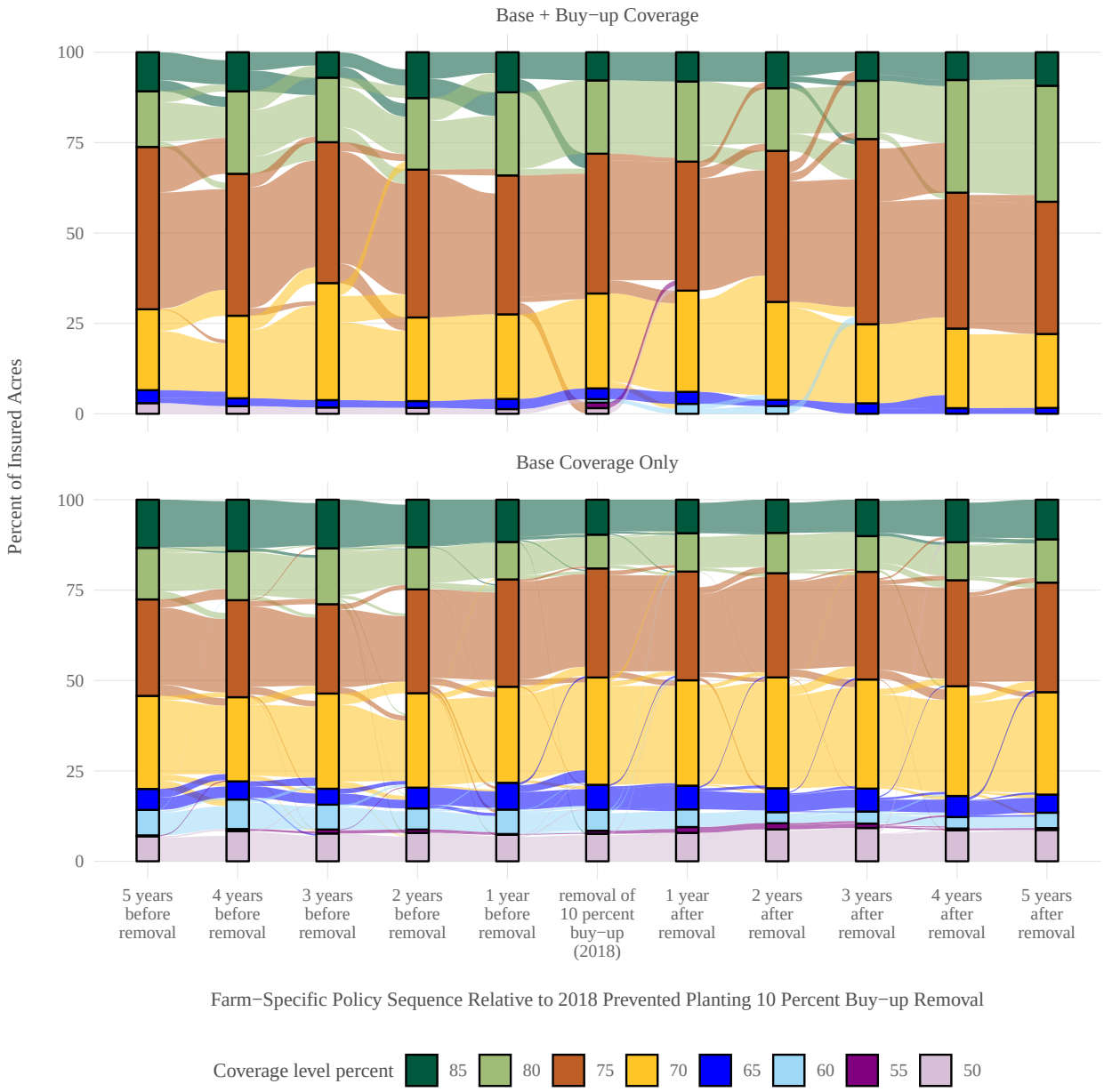
Focusing on the six major commodities (corn, soybeans, wheat, cotton, rice, and sorghum) by insured liabilities, Figure 4 traces how farm-level coverage elections evolved around the policy change, distinguishing between farms that historically elected PP buy-up coverage and those that relied solely on the default base coverage. Importantly, the horizontal axis does not represent calendar time or a balanced panel. Instead, it indexes the chronological order of observed coverage elections within each farm, normalized so that the year in which the buy-up option was removed is coded as zero. Earlier and later observations reflect the sequence of policy elections as they appear in the administrative record, allowing coverage adjustments to be examined without imposing equal spacing across years or requiring continuous participation.

Among farms that previously elected buy-up coverage, the figure reveals a gradual reallocation toward higher underlying coverage levels following the policy change. Insured acreage shifts incrementally from the 70–75 percent range into the 80–85 percent range over subsequent policy sequences. These movements are consistent with partial substitutions, whereby producers respond to the loss of targeted PP protection by increasing basic policy coverage to raise effective PP indemnities. Notably, the adjustment unfolds over multiple observed elections rather than as an immediate or discrete jump at the point of buy-up removal, suggesting that coverage substitution is mediated by cost considerations, institutional frictions, and producer-specific constraints.

In contrast, farms that historically had the default base coverage exhibit substantially more stable coverage distributions over the same policy sequence. For these producers, the relative shares of insured acreage across coverage levels remain largely unchanged before and after the removal of buy-up coverage, with no comparable post-2018 reallocation toward higher coverage tiers. This divergence across panels indicates that the observed coverage adjustments among buy-up users are not simply a continuation of long-run trends toward higher coverage but instead reflect a response that is specific to the elimination of the buy-up option.

At the same time, the figure underscores the limits of coverage level substitution as a response mechanism. Even among former buy-up users, the magnitude of reallocation toward higher coverage is modest, and a large share of insured acreage remains concentrated at coverage levels that were already prevalent

Figure 4: ***Observed Farm-Level Coverage Adjustment Following the Removal of 10 Percent Prevented Planting Buy-Up in 2018.***



Note: The horizontal axis does not represent calendar time or a balanced panel. Instead, it indexes the chronological order of observed coverage elections within each farm, normalized so that the year in which the buy-up option was removed is coded as zero. Earlier and later observations reflect the sequence of policy elections as they appear in the administrative record. The figure focuses on only the six major commodities (corn, soybeans, wheat, cotton, rice, and sorghum) by insured liabilities in the Federal Crop Insurance Program (FCIP)

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of June 04, 2025.

prior to the policy change. Movement into the highest coverage tier is most evident among farms that were previously positioned just below the coverage ceiling, while farms already insured at 80–85 percent exhibit little capacity to adjust further. These patterns align with the aggregate constraints documented earlier and reinforce the conclusion that substitution through coverage increases is inherently bounded for a substantial portion of insured acreage.

The evidence in Figure 4 suggests that producers do respond to the elimination of PP buy-up by adjusting underlying coverage levels, but that this response is partial, gradual, and unevenly distributed across farms. Coverage level adjustment appears to function as a compensatory margin primarily for producers with remaining flexibility to increase coverage, rather than as a complete replacement for the targeted protection formerly provided by buy-up elections. These observed behavioral patterns motivate the cost analysis that follows, as the economic viability of such adjustments depends critically on the structure of premium subsidies and the resulting producer-paid cost of higher coverage.

Producer Out-of-Pocket Cost Implications

While the observed coverage adjustments following buy-up removal indicate that some producers attempt to substitute toward higher underlying coverage, the economic feasibility of this response depends critically on the resulting changes in producer-paid premiums. This section evaluates whether coverage level substitution is financially viable under alternative premium subsidy structures.

Eliminating the 5 percent PP buy-up removes a targeted premium surcharge of roughly 2 to 6 percent (as of 2025), but replacing this protection through higher coverage levels expands the insured liability base and generally increases gross premiums. Whether this adjustment results in higher producer out-of-pocket costs depends critically on the structure of premium subsidies. Holding insured acres, insurance plan elections, and unit structure choices fixed at their observed values from 2011 to 2025, this analysis employs a counterfactual simulation to evaluate producer-paid premiums under both the 2018 Farm Bill subsidy schedule and the enhanced premium subsidies enacted under the OBBB (see Table 2), which take effect beginning with the 2026 commodity year.

Under the 2018 Farm Bill, federal premium subsidy rates for basic and optional units remained largely unchanged from prior decades and generally declined as coverage levels increased. As a result, producers bore an increasing share of total premium costs at higher coverage levels, creating a steep out-of-pocket

cost gradient. This subsidy structure substantially reduced the cost-effectiveness of moving from lower to higher coverage, particularly when coverage increases can potentially be used to offset the elimination of targeted instruments such as PP buy-up. Consistent with this structure, increasing coverage to replace a 5 percent PP buy-up typically implied large increases in producer-paid premiums, with commodity-level increases ranging from roughly 24.43 to 41.27 percent (Figure 5). Estimated increases in paid premiums were highest for canola (41.27 percent), barley (38.96 percent), soybeans (37.53 percent), peanuts (37.46 percent), and rice (36.8 percent), generating a strong economic disincentive to coverage level substitution.

Table 2: ***Prevented Planting Payment Factors and Buy-Up Premium Surcharges by Commodity.***

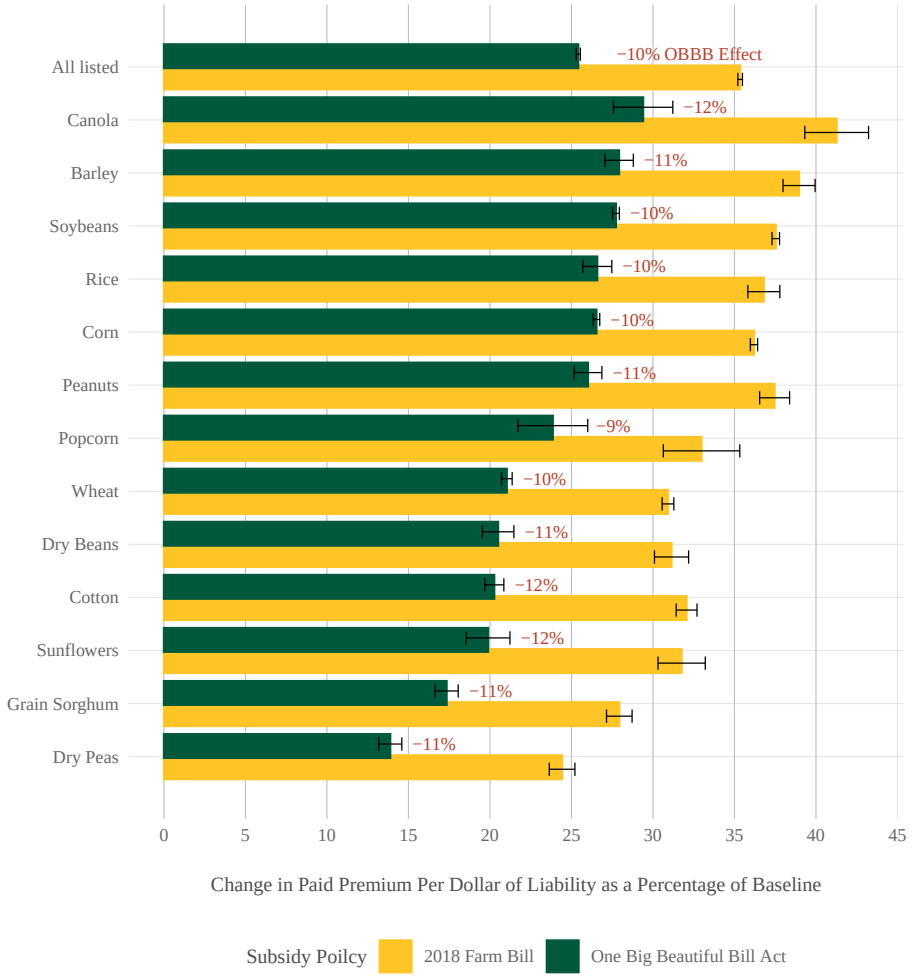
	Current (2018 Farm Bill)		OBBB	
Coverage Level Percent	Basic & Optional Unit (Percent)	Enterprise Unit (Percent)	Basic & Optional Unit (Percent)	Enterprise Unit (Percent)
50 (CAT)	100	80	100	80
50	67	80	67	80
55	64	80	69	80
60	64	80	69	80
65	59	80	64	80
70	59	80	64	80
75	55	77	60	80
80	48	68	51	71
85	38	53	41	56

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency as of January 06, 2026.

The OBBB, enacted in July 2025, represents the first substantive revision to crop insurance premium subsidies in more than twenty years. The legislation increases premium support for basic and optional units by approximately 3 to 5 percentage points across most coverage levels, directly reducing the producer-paid share of premiums for a given level of insured liability. These increases are especially consequential at moderate to higher coverage tiers, where producer costs rose most sharply under the 2018 subsidy

schedule. While enterprise unit subsidy rates are not explicitly revised in statute, federal parity requirements for per-acre subsidies across unit structures imply corresponding upward adjustments. Recent ARPC analyses indicate that these changes bring enterprise unit subsidy rates more closely in line with the enhanced basic and optional unit support, further reducing out-of-pocket costs relative to the 2018 baseline (Turner and Arita, 2025).

Figure 5: ***Commodity-Level Impacts on Producer-Paid Premiums from Coverage Level Adjustment After Prevented Planting Buy-Up Removal Under Alternative Subsidy Policies.***



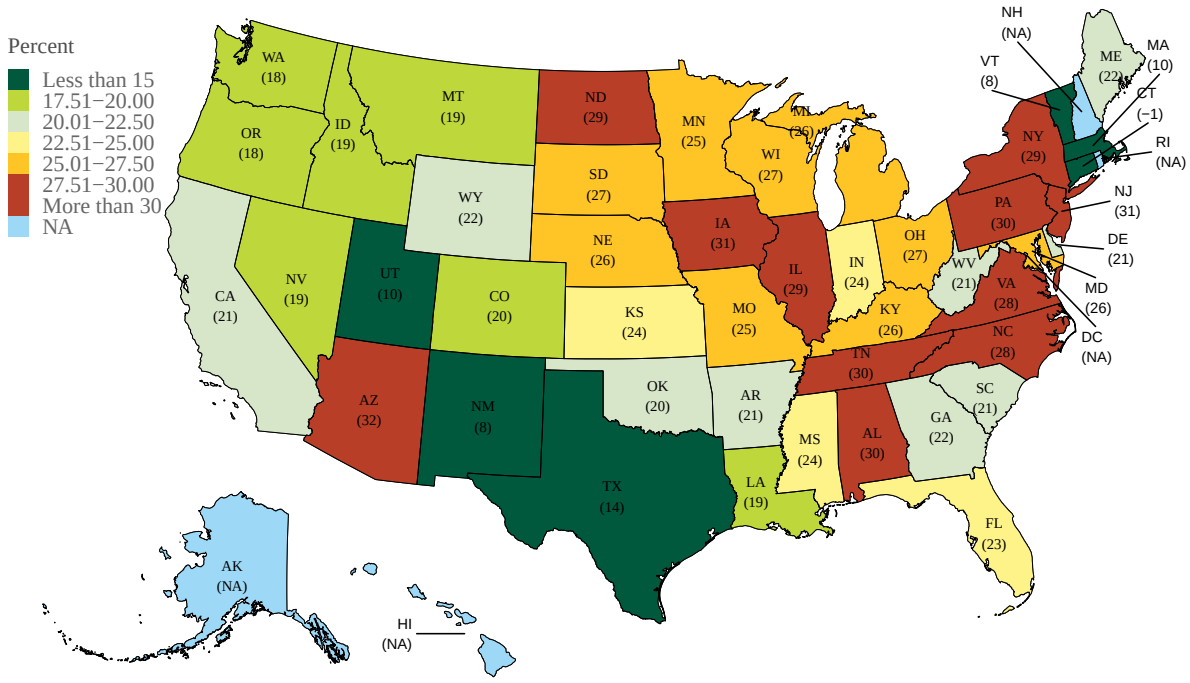
Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of January 06, 2026.

As a result, OBBB materially reduces the cost pressures associated with coverage level substitution. Across commodities, producer-paid premiums per dollar of insured liability following coverage level substitution

increased by approximately 13.88 to 29.4 percent under the OBBB subsidies. For major crops, these reductions, relative to the 2018 Farm Bill baseline, are both consistent and economically meaningful: paid premium increases fall by roughly 10 percentage points for wheat, rice, corn, and soybeans; 11 points for dry beans, grain sorghum, dry peas, peanuts, and barley; and about 12 points for canola, cotton, and sunflowers. While dispersion across states and coverage combinations remains substantial, the direction and magnitude of the OBBB effect are uniform across crops by construction.

Figure 6 illustrates state-level percentage changes in producer-paid premiums per dollar of insured liability under OBBB, holding the prevented planting scenario constant. Differences across states primarily reflect prevailing unit structures and coverage level elections in 2025, rather than geographic variation in prevented planting risk.

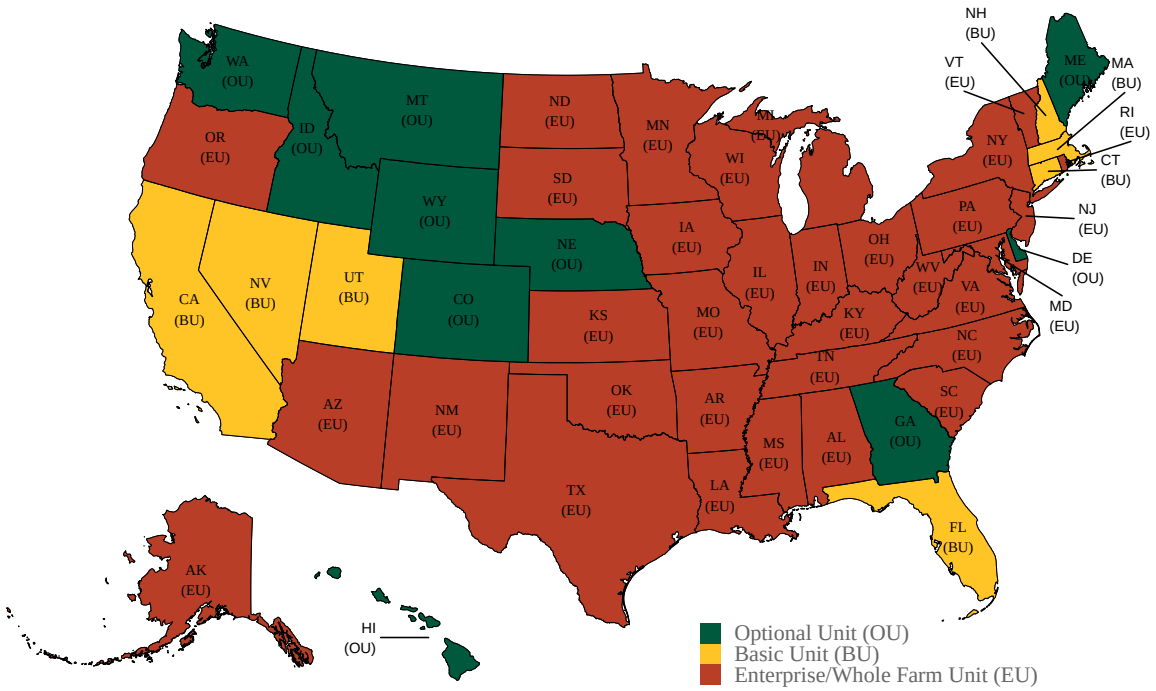
Figure 6: ***State-Level Impacts on Producer-Paid Premiums from Coverage Level Adjustment After Prevented Planting Buy-Up Removal Under Alternative Subsidy Policies.***



Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of January 06, 2026.

States with the smallest premium increases (less or equal to 15 percent) are dominated by Enterprise/Whole Farm Unit (Figure 7) at 70-75 percent coverage (Figure 8), where OBBB enhanced subsidies fully (or nearly fully) offset the premium effects of coverage level. Vermont (8.22 percent), New Mexico (8.25 percent), Massachusetts (9.91 percent), Utah (10.03 percent), and Texas (13.97 percent) fall into this group.

Figure 7: ***Dominate Crop Producer Choice of Unit Structure in 2025.***

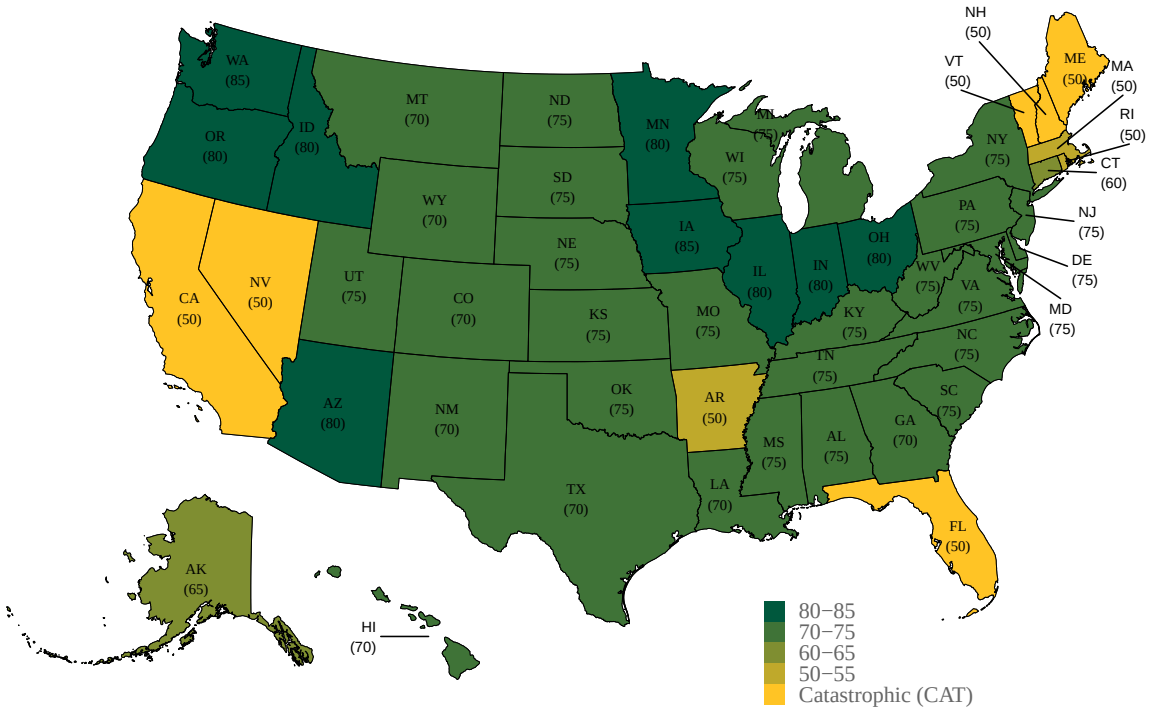


Note: The dominate choice for each state is determined by the option with the most insured acres under each election type.

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of January 06, 2026.

States with larger premium increases (greater or equal to 29 percent) are dominated by Enterprise/Whole Farm Unit combined with coverage elections at the 70-75 percent level. This group includes North Dakota (29.1 percent), Illinois (29.17 percent), Pennsylvania (29.56 percent), Tennessee (29.63 percent), Alabama (29.91 percent), Iowa (30.87 percent), New Jersey (31.32 percent), and Arizona (32.1 percent). While OBBB substantially compresses premium increases relative to the 2018 Farm Bill baseline, the combination of upper-tier coverage and basic or optional units translates into the largest producer-paid premium increases.

Figure 8: ***Dominate Crop Producer Choice of Coverage Level in 2025.***



Note: The dominate choice for each state is determined by the option with the most insured acres under each election type.

Source: NDSU Agricultural Risk Policy Center (ARPC), using data from USDA, Risk Management Agency Summary of Business as of January 06, 2026.

Importantly, states exhibiting the smallest premium increases do not face higher producer costs; rather, they reflect limited exposure to PP buy-up removal, lower baseline coverage elections, or unit-structure configurations for which OBBB subsidy enhancements fully offset the premium effects of coverage level substitution. Conversely, states with larger increases are not disproportionately exposed to prevented planting risk but instead reflect the mechanical interaction of higher coverage levels and enterprise-dominated unit structures with expanded insured liability.

These state-level results reinforce that the economic consequences of PP buy-up removal under OBBB are driven primarily by coverage level and unit-structure distributions rather than differences in prevented planting risk. Enhanced premium subsidies substantially compress cross-state cost dispersion, but do not eliminate the cost gradient associated with higher coverage elections.

Conclusion and Implications

The elimination of PP buy-up under the EARP rule marks a fundamental reconfiguration of early-season risk management within the Federal Crop Insurance Program. By removing a targeted adjustment instrument, the rule embeds PP protection fully within underlying coverage elections, making early-season risk inseparable from broader yield and revenue exposure. Producers seeking to preserve prior PP indemnity levels must now rely on coverage increases that simultaneously raise insured liability, expand indemnity exposure across all loss outcomes, and increase premium obligations.

Whether this integrated framework is economically viable depends critically on premium subsidy design. Under the 2018 Farm Bill, declining subsidy rates at higher coverage levels imposed steep increases in producer-paid premiums, rendering coverage level substitution an impractical replacement for buy-up protection in most cases. The enhanced premium subsidies enacted under OBBB substantially mitigate these cost pressures by flattening the subsidy gradient and lowering the marginal cost of additional coverage. As a result, coverage substitution becomes economically feasible for producers at moderate coverage levels, though producer-paid premiums still rise relative to the pre–buy-up environment.

At the same time, the capacity to substitute coverage for buy-up protection is inherently constrained and unevenly distributed. By 2025, most insured acreage was already concentrated at coverage levels of 70 percent or higher, with a substantial share operating near the 85 percent coverage ceiling. For these producers, mechanical limits sharply restrict the ability to offset buy-up removal through further coverage increases. Unit structure choices influence premium outcomes under OBBB, but consolidation alone does not replicate the targeted indemnity enhancement formerly provided by PP buy-up without accompanying coverage adjustments.

These constraints give rise to important distributional consequences. Producers with stable production histories and remaining flexibility to adjust coverage benefit disproportionately from enhanced subsidies, while those already positioned at high coverage levels face binding limits on adjustment. Consequently, the economic impacts of PP buy-up elimination are shaped less by prevented planting risk itself than by pre-existing coverage distributions, unit structures, and the design of premium subsidies.

Overall, the EARP rule consolidates prevented planting risk management into standard coverage decisions, replacing a targeted adjustment margin with reliance on underlying coverage elections and associated subsidy schedules. The extent to which this framework preserves effective early-season risk pro-

tection is an empirical question that hinges on how producers adjust coverage choices under the new constraints and cost structures. Observed changes in coverage migration, premium incidence, and participation patterns will therefore provide critical evidence on the realized insurance outcomes of buy-up elimination and on the distribution of risk and costs across producers under the integrated post-EARP framework.

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Recommended Citation Format

Francis Tsiboe (2026). *Prevented Planting After Buy-Up Elimination: Coverage Level Substitution, Producer Costs, and the Role of Enhanced Premium Subsidies Under the One Big Beautiful Bill (OBBB).* ARPC White Paper 2026–01. Agricultural Risk Policy Center, North Dakota State University.

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The Agricultural Risk Policy Center at North Dakota State University conducts independent, evidence-based economic research to inform agricultural policy and strengthen the farm safety net. Our work focuses on evaluating risk management tools such as crop insurance and disaster assistance, analyzing market disruptions, and providing timely insights that support agricultural producers, policymakers, and industry leaders.

Strengthening the U.S. Farm Safety Net with Evidence-based Policy Insights.

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