Biostatistics 602 - Statistical Inference
Lecture 21
Asymptotics of LRT
Wald Test

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Last Lecture

- What is a Uniformly Most Powerful (UMP) Test?
- Does UMP level α test always exist for simple hypothesis testing?
- For composite hypothesis, which property makes it possible to construct a UMP level α test?
- What is a sufficient condition for an exponential family to have MLR property?
- For one-sided composite hypothesis testing, if a sufficient statistic satisfies MLR property, how can a UMP level α test be constructed?

Uniformly Most Powerful Test (UMP)

Definition

Let $\mathcal{C}$ be a class of tests between $H_0 : \theta \in \Omega$ vs $H_1 : \theta \in \Omega_0^c$. A test in C, with power function $\beta(\theta)$ is *uniformly most powerful (UMP) test* in class $\mathcal{C}$ if $\beta(\theta) \geq \beta'(\theta)$ for every $\theta \in \Omega_0^c$ and every $\beta'(\theta)$, which is a power function of another test in C.

UMP level α test

Consider $\mathcal{C}$ be the set of all the level α test. The UMP test in this class is called a UMP level α test.

UMP level α test has the smallest type II error probability for any $\theta \in \Omega_0^c$ in this class.

Neyman-Pearson Lemma

Theorem 8.3.12 - Neyman-Pearson Lemma

Consider testing $H_0 : \theta = \theta_0$ vs. $H_1 : \theta = \theta_1$ where the pdf or pmf corresponding the θ_i is $f(\mathbf{x}|\theta_i)$, $i = 0, 1$, using a test with rejection region R that satisfies

$$\mathbf{x} \in R \quad \text{if } f(\mathbf{x}|\theta_1) > kf(\mathbf{x}|\theta_0) \quad (8.3.1) \text{ and}$$
$$\mathbf{x} \in R^c \quad \text{if } f(\mathbf{x}|\theta_1) < kf(\mathbf{x}|\theta_0) \quad (8.3.2)$$

For some $k \geq 0$ and $\alpha = \Pr(\mathbf{X} \in R|\theta_0)$, Then,

- (Sufficiency) Any test that satisfies 8.3.1 and 8.3.2 is a UMP level α test
- (Necessity) if there exist a test satisfying 8.3.1 and 8.3.2 with $k > 0$, then every UMP level α test is a size α test (satisfies 8.3.2), and every UMP level α test satisfies 8.3.1 except perhaps on a set A satisfying $\Pr(\mathbf{X} \in A|\theta_0) = \Pr(\mathbf{X} \in A|\theta_1) = 0$.

Monotone Likelihood Ratio

Definition

A family of pdfs or pmfs $\{g(t|\theta) : \theta \in \Omega\}$ for a univariate random variable T with real-valued parameter θ have a monotone likelihood ratio if $\frac{g(t|\theta_2)}{g(t|\theta_1)}$ is an increasing (or non-decreasing) function of t for every $\theta_2 > \theta_1$ on $\{t : g(t|\theta_1) > 0 \text{ or } g(t|\theta_2) > 0\}$.

Note: we may define MLR using decreasing function of t. But all following theorems are stated according to the definition.

Karlin-Rabin Theorem

Theorem 8.1.17

Suppose $T(\mathbf{X})$ is a sufficient statistic for θ and the family $\{g(t|\theta) : \theta \in \Omega\}$ is an MLR family. Then

1. For testing $H_0 : \theta \leq \theta_0$ vs $H_1 : \theta > \theta_0$, the UMP level α test is given by rejecting H_0 is and only if $T > t_0$ where $\alpha = \Pr(T > t_0|\theta_0)$.
2. For testing $H_0 : \theta \geq \theta_0$ vs $H_1 : \theta < \theta_0$, the UMP level α test is given by rejecting H_0 if and only if $T < t_0$ where $\alpha = \Pr(T < t_0|\theta_0)$.

Normal Example with Known Mean

$X_i \overset{\text{i.i.d.}}{\sim} \mathcal{N}(\mu_0, \sigma^2)$ where σ^2 is unknown and μ_0 is known. Find the UMP level α test for testing $H_0 : \sigma^2 \leq \sigma_0^2$ vs. $H_1 : \sigma^2 > \sigma_0^2$. Let $T = \sum_{i=1}^n (X_i - \mu_0)^2$ is sufficient for σ^2. To check whether T has MLR property, we need to find $g(t|\sigma^2)$.

$$\begin{aligned}
\frac{X_i - \mu_0}{\sigma} &\sim \mathcal{N}(0,1) \\
\left(\frac{X_i - \mu_0}{\sigma}\right)^2 &\sim \chi_1^2 \\
Y &= T/\sigma^2 = \sum_{i=1}^n \left(\frac{X_i - \mu_0}{\sigma}\right)^2 \sim \chi_n^2 \\
f_Y(y) &= \frac{1}{\Gamma\left(\frac{n}{2}\right) 2^{n/2}} y^{\frac{n}{2}-1} e^{-\frac{y}{2}}
\end{aligned}$$

Normal Example with Known Mean (cont'd)

$$\begin{aligned}
f_T(t) &= \frac{1}{\Gamma\left(\frac{n}{2}\right) 2^{n/2}} \left(\frac{t}{\sigma^2}\right)^{\frac{n}{2}-1} e^{-\frac{t}{2\sigma^2}} \left|\frac{dy}{dt}\right| dt \\
&= \frac{1}{\Gamma\left(\frac{n}{2}\right) 2^{n/2}} \left(\frac{t}{\sigma^2}\right)^{\frac{n}{2}-1} e^{-\frac{t}{2\sigma^2}} \frac{1}{\sigma^2} dt \\
&= \frac{t^{\frac{n}{2}-1}}{\Gamma\left(\frac{n}{2}\right) 2^{n/2}} \left(\frac{1}{\sigma^2}\right)^{\frac{n}{2}} e^{-\frac{t}{2\sigma^2}} dt \\
&= h(t) c(\sigma^2) \exp[w(\sigma^2) t]
\end{aligned}$$

where $w(\sigma^2) = -\frac{1}{2\sigma^2}$ is an increasing function in σ^2. Therefore, $T = \sum_{i=1}^n (X_i - \mu)^2$ has the MLR property.

Normal Example with Known Mean (cont'd)

By Karlin-Rabin Theorem, UMP level α rejects s H_0 if and only if $T > t_0$ where t_0 is chosen such that $\alpha = \Pr(T > t_0|\sigma_0^2)$.
Note that $\frac{T}{\sigma^2} \sim \chi_n^2$

$$\begin{aligned}
\Pr(T > t_0|\sigma_0^2) &= \Pr\left(\frac{T}{\sigma_0^2} > \frac{t_0}{\sigma_0^2}\middle|\sigma_0^2\right) \\
\frac{T}{\sigma_0^2} &\sim \chi_n^2 \\
\Pr\left(\chi_n^2 > \frac{t_0}{\sigma_0^2}\right) &= \alpha \\
\frac{t_0}{\sigma_0^2} &= \chi_{n,\alpha}^2 \\
t_0 &= \sigma_0^2 \chi_{n,\alpha}^2
\end{aligned}$$

where $\chi_{n,\alpha}^2$ satisfies $\int_{\chi_{n,\alpha}^2}^{\infty} f_{\chi_n^2}(x)\,dx = \alpha$.

Remarks

- For many problems, UMP level α test does not exist (Example 8.3.19).
- In such cases, we can restrict our search among a subset of tests, for example, all unbiased tests.

Distribution of LRT

$$\lambda(\mathbf{x}) = \frac{\sup_{\Omega_0} L(\theta|\mathbf{x})}{\sup_{\Omega} L(\theta|\mathbf{x})}$$

LRT level α test procedure rejects H_0 if and only if $\lambda(\mathbf{x}) \leq c$. c is chosen such that

$$\sup_{\theta\in\Omega_0} \Pr(\lambda(\mathbf{x}) \leq c) \leq \alpha$$

Usually, it is difficult to derive the distribution of $\lambda(\mathbf{x})$ and to solve the equation of c.

Asymptotics of LRT

Theorem 10.3.1

Consider testing $H_0 : \theta = \theta_0$ vs $H_1 : \theta \neq \theta_0$. Suppose $X_1, \cdots, X_n$ are iid samples from $f(x|\theta)$, and $\hat{\theta}$ is the MLE of θ, and $f(x|\theta)$ satisfies certain "regularity conditions" (e.g. see misc 10.6.2), then under H_0:

$$-2\log\lambda(\mathbf{x}) \xrightarrow{d} \chi_1^2$$

as $n \to \infty$.

Proof

$$\lambda(\mathbf{x}) = \frac{\sup_{\theta\in\Omega_0} L(\theta|\mathbf{x})}{\sup_{\theta\in\Omega} L(\theta|\mathbf{x})} = \frac{L(\theta_0|\mathbf{x})}{L(\hat\theta|\mathbf{x})}$$

$$-2\lambda(\mathbf{x}) = -2\log\left(\frac{L(\theta_0|\mathbf{x})}{L(\hat\theta|\mathbf{x})}\right)$$

$$= -2\log L(\theta_0|\mathbf{x}) + 2\log L(\hat\theta|\mathbf{x})$$

$$= -2l(\theta_0|\mathbf{x}) + 2l(\hat\theta|\mathbf{x})$$

Proof (cont'd)

Expanding $l(\theta|\mathbf{x})$ around $\hat\theta$,

$$l(\theta|\mathbf{x}) = l(\hat\theta|\mathbf{x}) + l'(\hat\theta|\mathbf{x})(\theta-\hat\theta) + l''(\hat\theta|\mathbf{x})\frac{(\theta-\hat\theta)^2}{2} + \cdots$$

$$l'(\hat\theta|\mathbf{x}) = 0 \quad \text{(assuming regularity condition)}$$

$$l(\theta_0|\mathbf{x}) \approx l(\hat\theta|\mathbf{x}) + l''(\hat\theta|\mathbf{x})\frac{(\theta_0-\hat\theta)^2}{2}$$

$$-2\log\lambda(\mathbf{x}) = -2l(\theta_0|\mathbf{x}) + 2l(\hat\theta|\mathbf{x})$$

$$\approx -(\theta_0-\hat\theta)^2 l''(\hat\theta|\mathbf{x})$$

Proof (cont'd)

Because $\hat\theta$ is MLE, under H_0,

$$\hat\theta \sim \mathcal{AN}\left(\theta_0, \frac{1}{I_n(\theta_0)}\right)$$

$$(\hat\theta-\theta_0)\sqrt{I_n(\theta_0)} \xrightarrow{d} \mathcal{N}(0,1)$$

$$(\hat\theta-\theta_0)^2 I_n(\theta_0) \xrightarrow{d} \chi^2_1$$

Therefore,

$$-2\log\lambda(\mathbf{x}) \approx -(\theta_0-\hat\theta)^2 l''(\hat\theta|\mathbf{x})$$

$$= (\hat\theta-\theta_0)^2 I_n(\theta_0)\frac{-\frac{1}{n}l''(\hat\theta|\mathbf{x})}{\frac{1}{n}I_n(\theta_0)}$$

Proof (cont'd)

$$-\frac{1}{n}l''(\hat\theta|\mathbf{x}) = -\frac{1}{n}\sum_{i=1}^n \frac{\partial^2}{\partial\theta^2} f(x_i|\theta)\Big|_{\theta=\hat\theta}$$

$$\xrightarrow{P} -E\left(\frac{\partial^2}{\partial\theta^2} f(x|\theta)\right)\Big|_{\theta=\theta_0} = I(\theta_0)$$

$$\frac{-\frac{1}{n}l''(\hat\theta|\mathbf{x})}{\frac{1}{n}I_n(\theta_0)} = \frac{-\frac{1}{n}l''(\hat\theta|\mathbf{x})}{I(\theta_0)} \xrightarrow{P} 1$$

By Slutsky's Theorem, under H_0

$$-(\hat\theta-\theta_0)^2 l''(\hat\theta|\mathbf{X}) \xrightarrow{d} \chi^2_1$$

$$-2\log\lambda(\mathbf{X}) \xrightarrow{d} \chi^2_1$$

Example

$X_i \overset{\text{i.i.d.}}{\sim} \text{Poisson}(\lambda)$. Consider testing $H_0 : \lambda = \lambda_0$ vs $H_1 : \lambda \neq \lambda_0$. Using LRT,

$$\lambda(\mathbf{x}) = \frac{L(\lambda_0|\mathbf{x})}{\sup_\lambda L(\lambda|\mathbf{x})}$$

MLE of λ is $\hat{\lambda} = \overline{X} = \frac{1}{n}\sum X_i$.

$$\begin{aligned}
\lambda(\mathbf{x}) &= \frac{\prod_{i=1}^n \frac{e^{-\lambda_0}\lambda_0^{x_i}}{x_i!}}{\prod_{i=1}^n \frac{e^{-\overline{x}}\overline{x}^{x_i}}{x_i!}} \\
&= \frac{e^{-n\lambda_0}\lambda_0^{\sum x_i}}{e^{-n\overline{x}}\overline{x}^{\sum x_i}} \\
&= e^{-n(\lambda_0 - \overline{x})}\left(\frac{\lambda_0}{\overline{x}}\right)^{\sum x_i}
\end{aligned}$$

Example (cont'd)

LRT is to reject H_0 when $\lambda(\mathbf{x}) \leq c$

$$\begin{aligned}
\alpha &= \Pr(\lambda(\mathbf{X}) \leq c|\lambda_0) \\
-2\log\lambda(\mathbf{X}) &= -2\left[-n(\lambda_0 - \overline{X}) + \sum X_i(\log\lambda_0 - \log\overline{X})\right] \\
&= 2n\left(\lambda_0 - \overline{X} - \overline{X}\log\left(\frac{\lambda_0}{\overline{X}}\right)\right) \xrightarrow{\text{d}} \chi_1^2
\end{aligned}$$

under H_0, (by Theorem 10.3.1).

Example (cont'd)

Therefore, asymptotic size α test is

$$\begin{aligned}
\Pr(\lambda(\mathbf{X}) \leq c|\lambda_0) &= \alpha \\
\Pr(-2\log\lambda(\mathbf{X}) \leq c^*|\lambda_0) &= \alpha \\
\Pr(\chi_1^2 \geq c^*) &\approx \alpha \\
c^* &= \chi_{1,\alpha}^2
\end{aligned}$$

rejects H_0 if and only if $-2\log\lambda(\mathbf{x}) \geq \chi_{1,\alpha}^2$

Wald Test

Wald test relates point estimator of θ to hypothesis testing about θ.

Definition

Syppose W_n is an estimator of θ and $W_n \sim \mathcal{AN}(\theta, \sigma_W^2)$. Then Wald test statistic is defined as

$$Z_n = \frac{W_n - \theta_0}{S_n}$$

where θ_0 is the value of θ under H_0 and S_n is a consistent estimator of σ_W

Examples of Wald Test

Two-sided Wald Test

$H_0 : \theta = \theta_0$ vs. $H_1 : \theta \neq \theta_0$, then Wald asymptotic level α test is to reject H_0 if and only if

$$|Z_n| > z_{\alpha/2}$$

One-sided Wald Test

$H_0 : \theta \leq \theta_0$ vs. $H_1 : \theta > \theta_0$, then Wald asymptotic level α test is to reject H_0 if and only if

$$Z_n > z_\alpha$$

Remarks

- Different estimators of θ leads to different testing procedures.
- One choice of W_n is MLE and we may choose $S_n = \frac{1}{I_n(W_n)}$ or $\frac{1}{I_n(\hat{\theta})}$ (observed information number) when $\sigma^2_W = \frac{1}{I_n(\theta)}$.

Example of Wald Test

Suppose $X_i \overset{\text{i.i.d.}}{\sim} \text{Bernoulli}(p)$, and consider testing $H_0 : p = p_0$ vs $H_1 : p \neq p_0$. MLE of p is $\overline{X}$, which follows

$$\overline{X} \sim \mathcal{AN}\left(p, \frac{p(1-p)}{n}\right)$$

by the Central Limit Theorem. The Wald test statistic is

$$Z_n = \frac{\overline{X} - p_0}{S_n}$$

where S_n is a consistent estimator of $\sqrt{\frac{p(1-p)}{n}}$, whose MLE is

$$S_n = \sqrt{\frac{\overline{X}(1-\overline{X})}{n}}$$

by the invariance property of MLE.

Example of Wald Test (cont'd)

Therefore, S_n is consistent for $\sqrt{\frac{p(1-p)}{n}}$. The Wald statistic is

$$Z_n = \frac{\overline{X} - p_0}{\sqrt{\overline{X}(1-\overline{X})/n}}$$

An asymptotic level α Wald test rejects H_0 if and only if

$$\left|\frac{\overline{X} - p_0}{\sqrt{\overline{X}(1-\overline{X})/n}}\right| > z_{\alpha/2}$$

Summary

Today

- Asymptotics of LRT
- Wald Test

Next Week

- p-Values