Multiple Testing in a Two-Stage Adaptive Design with Combination Tests Controlling FDR

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ABSTRACT

In many scientific studies requiring simultaneous testing of multiple null hypotheses, it is often necessary to carry out the multiple testing in two stages to decide which of the hypotheses can be rejected or accepted at the first stage and which should be followed up for further testing having combined their p-values from both stages. Unfortunately, no multiple testing procedure is available yet to perform this task meeting pre-specified boundaries on the first-stage p-values in terms of the false discovery rate (FDR) and maintaining a control over the overall FDR at a desired level. We present in this article two procedures, extending the classical Benjamini-Hochberg (BH) procedure and its adaptive version incorporating an estimate of the number of true null hypotheses from single-stage to a two-stage setting. These procedures are theoretically proved to control the overall FDR when the pairs of first- and second-stage p-values are independent and those corresponding to the null hypotheses are identically distributed as a pair \((p_1, p_2)\) satisfying the
p-clud property of Brannath, Posch and Bauer (2002, *Journal of the American Statistical Association*, 97, 236 -244). We consider two types of combination function, Fisher’s and Simes’, and present explicit formulas involving these functions towards carrying out the proposed procedures based on pre-determined critical values or through estimated FDR’s. Our simulation indicate that the proposed procedures can have significant power improvements over the BH procedure based on the first stage data relative to the improvement offered by the ideal BH procedure that one would have used had the second stage data been available for all the hypotheses, at least under independence, and can continue to control the FDR under some dependence situations. The proposed procedures are illustrated through a real gene expression data.

Keywords: Combination test; early rejection and acceptance boundaries; false discovery rate; multiple testing; stepwise multiple testing procedure; two-stage adaptive design.

1 INTRODUCTION

Gene association or expression studies that usually involve a large number of endpoints (i.e., genetic markers) are often quite expensive. Such studies conducted in a multi-stage adaptive design setting can be cost effective and efficient, since genes are screened in early stages and selected genes are further investigated in later stages using additional observations. Multiplicity in simultaneous testing of hypotheses associated with the endpoints in a multi-stage adaptive design is an important issue, as in a single stage design. For addressing the multiplicity concern, controlling the familywise error rate (FWER), the probability of at least one type I error among all hypotheses, is a commonly applied concept. However, these studies are often explorative, so controlling the false discovery rate (FDR), which is the expected proportion of type I errors among all rejected hypotheses, is more appropriate than controlling the FWER (Weller et al. 1998; Benjamini and Hochberg 1995; and Storey and Tibshirani 2003). Moreover, with large number of hypotheses typically being tested in these studies, better power can be achieved in a multiple testing method under the FDR framework than under the more conservative FWER framework.

Adaptive designs with multiple endpoints have been considered in the literature under both the FWER and FDR frameworks. Miller et al. (2001) suggested using a two-stage
design in gene experiments, and proposed using the Bonferroni method to control the
FWER in testing the hypotheses selected at the first stage, although only the second stage
observations are used for this method. This was later improved by Satagopan and Elston
(2003) by incorporating the first stage data through group sequential schemes in the final
Bonferroni test. Zehetmayer et al. (2005) considered a two-stage adaptive design where
promising hypotheses are selected using a constant rejection threshold for each p-value at
the first stage and an estimation based approach to controlling the FDR asymptotically (as
the number of hypotheses goes to infinity) was taken (Storey 2002; Storey, Taylor and
Siegmund 2004) at the second stage to test the selected hypotheses using more observa-
tions. Zehetmayer et al. (2008) have extended this work from two-stage to multi-stage
adaptive designs under both FDR and FWER frameworks, and provided useful insights
into the power performance of optimized multi-stage adaptive designs with respect to the
number of stages, and into the power difference between optimized integrated design and
optimized pilot design. Posch et al. (2009) showed that a data-dependent sample size in-
crease for all the hypotheses simultaneously in a multi-stage adaptive design has no effect
on the asymptotic (as the number of hypotheses goes to infinity) control of the FDR if
the hypotheses to be rejected are determined only by the test at the final interim analysis,
under all scenarios except the global null hypothesis when all the null hypotheses are true.

Construction of methods with the FWER or FDR control in the setting of a two-stage
adaptive design allowing reduction in the number of tested hypotheses at the interim
analysis has been discussed, as a separate issue from sample size adaptations, in Bauer
and Kieser (1999) and Kieser, Bauer and Lehmacher (1999), who presented methods with
the FWER control, and in Victor and Hommel (2007) who focused on controlling the FDR
in terms of a generalized global p-values. We revisit this issue in the present paper, but
focusing primarily on the FDR control in a non-asymptotic setting (with the number of
hypothesis not being infinitely large).

Our motivation behind this paper lies in the fact that the theory presented so far (see,
for instance, Victor and Hommel 2007) towards developing an FDR controlling procedure
in the setting of a two-stage adaptive design with combination tests does not seem to be
as simple as one would hope for. Moreover, it does not allow setting boundaries on the
first stage p-values in terms of FDR and operate in a manner that would be a natural
extension of standard single-stage FDR controlling methods, like the BH (Benjamini and Hochberg 1995) or methods related to it, from a single-stage to a two-stage design setting. So, we consider the following to be our main problem in this paper:

To construct an FDR controlling procedure for simultaneous testing of the null hypotheses associated with multiple endpoints in the following two-stage adaptive design setting: The hypotheses are sequentially screened at the first stage as rejected or accepted based on pre-specified boundaries on their p-values in terms of the FDR, and those that are left out at the first stage are again sequentially tested at the second stage having determined their second-stage p-values based on additional observations and then using the combined p-values from the two stages through a combination function.

We propose two FDR controlling procedures, one extending the original single-stage BH procedure, which we call the BH-TSADC Procedure (BH type procedure for two-stage adaptive design with combination tests), and the other extending an adaptive version of the single-stage BH procedure incorporating an estimate of the number of true null hypotheses, which we call the Plug-In BH-TSADC Procedure, from single-stage to a two-stage setting. Let \((p_{1i}, p_{2i})\) be the pair of first- and second-stage p-values corresponding to the \(i\)th null hypothesis. We provide a theoretical proof of the FDR control of the proposed procedures under the assumption that the \((p_{1i}, p_{2i})\)'s are independent and those corresponding to the true null hypotheses are identically distributed as \((p_1, p_2)\) satisfying the p-clud property (Brannath et al. 2002), and some standard assumption on the combination function. We consider two special types of combination function, Fisher’s and Simes’, which are often used in multiple testing applications, and present explicit formulas for probabilities involving them that would be useful to carry out the proposed procedures at the second stage either using critical values that can be determined before observing the p-values or based on estimated FDR’s that can be obtained after observing the p-values.

We carried out extensive simulations to investigate how well our proposed procedures perform in terms of FDR control and power under independence with respect to the number of true null hypotheses and the selection of early stopping boundaries. Simulations were also performed to evaluate whether or not the proposed procedures can continue to control the FDR under different types of (positive) dependence among the underlying test statistics.
we consider, such as equal, clumpy and auto-regressive of order one [AR(1)] dependence.

Since potential improvement of the usual FDR controlling BH method based only on the first-stage data by considering a suitable modification of it in the present two-stage setting, but still controlling the FDR, is the main motivation behind proposing our methods, it is natural to measure the power performance of each of our proposed methods against that of this first-stage BH method. Of course, it seems obvious that our methods will be more powerful since they utilize more data, and so it won’t be fair to assess this improvement by merely looking at the power performance and not by measuring it against the power of the so called best-case-scenario BH method, which is the BH method one would have used had the second stage data been available for all the endpoints. Also, it is important that the cost saving our procedure can potentially offer relative to the maximum possible cost incurred by this ideal BH method be taken into account while assessing this improvement.

Gauging the simulated power improvements offered by our procedures over the first-stage BH method against that offered by the ideal BH method, we notice that with equal sample size allocation between the two stages, our procedures based on Fisher’s combination function are doing much better, at least under independence, than those based on Simes’ combination function. In terms of power, our procedures based on Fisher’s combination function is more close to the ideal BH method than to the first-stage BH method, whereas those based on Simes’ combination function is in the middle between the first-stage and the ideal BH methods. Between our two procedures, whether they are based on Fisher’s or Simes’ combination function, the BH-TSADC seems to be the better choice in terms of controlling the FDR and power improvement over the single-stage BH procedure when the proportion of true nulls is large. If this proportion is not large, the Plug-In BH-TSADC procedure is better, but it might lose the FDR control when the p-values exhibit equal or AR(1) type dependence with a large equal- or auto-correlation. In terms of cost, our simulations indicate that both our procedures can provide significantly large savings. With 90% true nulls and half of the total sample size allocated to the first stage, our procedures can offer 44% saving from the maximum cost incurred by using the BH method based on the full data from both stages. This proportion gets larger with increasing proportion of true nulls or decreasing proportion of the sample size allocated to the first stage.
We applied our proposed two-stage procedures to reanalyze the data on multiple myeloma considered before by Zehetmayer et al. (2008), of course, for a different purpose. The data consist of a set of 12625 gene expression measurements for each of 36 patients with bone lytic lesions and 36 patients in a control group without such lesions. We considered this data in a two-stage framework, with the first 18 subjects per group for Stage 1 and the next 18 per group for Stage 2. With some pre-chosen early rejection and acceptance boundaries, these procedures produce significantly more discoveries than the first-stage BH procedure relative to the additional discoveries made by the ideal BH procedure based on the full data from both stages.

The article is organized as follows. We review some basic results on the FDR control in a single-stage design in Section 2, present our proposed procedures in Section 3, discuss the results of simulations studies in Section 4, and illustrate the real data application in Section 5. We make some concluding remarks in Section 6 and give proofs of our main theorem and propositions in Appendix.

2 CONTROLLING THE FDR IN A SINGLE-STAGE DESIGN

Suppose that there are \( m \) endpoints and the corresponding null hypotheses \( H_i, \ i = 1, \ldots, m \), are to be simultaneously tested based on their respective p-values \( p_i, \ i = 1, \ldots, m \), obtained in a single-stage design. The FDR of a multiple testing method that rejects \( R \) and falsely rejects \( V \) null hypotheses is \( E(FDP) \), where \( FDP = V/\max\{R, 1\} \) is the false discovery proportion. Multiple testing is often carried out using a stepwise procedure defined in terms of \( p(1) \leq \cdots \leq p(m) \), the ordered p-values. With \( H(i) \) the null hypothesis corresponding to \( p(i) \), a stepup procedure with critical values \( \gamma_1 \leq \cdots \leq \gamma_m \) rejects \( H(i) \) for all \( i \leq k = \max\{j : p(j) \leq \gamma_j\} \), provided the maximum exists; otherwise, it accepts all null hypotheses. A stepdown procedure, on the other hand, with these same critical values rejects \( H(i) \) for all \( i \leq k = \max\{j : p(i) \leq \gamma_i \text{ for all } i \leq j\} \), provided the maximum exists, otherwise, accepts all null hypotheses. The following are formulas for the FDR’s of a stepup or single-step procedure (when the critical values are same in a stepup procedure) and a stepdown procedure in a single-stage design, which can guide us in developing
stepwise procedures controlling the FDR in a two-stage design. We will use the notation $\text{FDR}_1$ for the FDR of a procedure in a single-stage design.

**Result 1.** (Sarkar 2008). Consider a stepup or stepdown method for testing $m$ null hypotheses based on their $p$-values $p_i$, $i = 1, \ldots, m$, and critical values $\gamma_1 \leq \cdots \leq \gamma_m$ in a single-stage design. The FDR of this method is given by

$$\text{FDR}_1 \leq \sum_{i \in J_0} E \left[ \frac{I(p_i \leq \gamma_{R_{m-1}^{(i)}(\gamma_2, \ldots, \gamma_m)+1})}{R_{m-1}^{(i)}(\gamma_2, \ldots, \gamma_m) + 1} \right],$$

with the equality holding in the case of stepup method, where $I$ is the indicator function, $J_0$ is the set of indices of the true null hypotheses, and $R_{m-1}^{(i)}(\gamma_2, \ldots, \gamma_m)$ is the number of rejections in testing the $m - 1$ null hypotheses other than $H_i$ based on their $p$-values and using the same type of stepwise method with the critical values $\gamma_2 \leq \cdots \leq \gamma_m$.

With $p_i$ having the cdf $F(u)$ when $H_i$ is true, the FDR of a stepup or stepdown method with the thresholds $\gamma_i$, $i = 1, \ldots, m$, under independence of the $p$-values, satisfies the following:

$$\text{FDR}_1 \leq \sum_{i \in J_0} E \left( \frac{F(\gamma_{R_{m-1}^{(i)}(\gamma_2, \ldots, \gamma_m)+1})}{R_{m-1}^{(i)}(\gamma_2, \ldots, \gamma_m) + 1} \right).$$

When $F$ is the cdf of $U(0, 1)$ and these thresholds are chosen as $\gamma_i = i\alpha/m$, $i = 1, \ldots, m$, the FDR equals $\pi_0\alpha$ for the stepup and is less than or equal to $\pi_0\alpha$ for the stepdown method, where $\pi_0$ is the proportion of true nulls, and hence the FDR is controlled at $\alpha$. This stepup method is the so called BH method (Benjamini and Hochberg, 1995), the most commonly used FDR controlling procedure in a single-stage design. The FDR is bounded above by $\pi_0\alpha$ for the BH as well as its stepdown analog under certain type of positive dependence condition among the $p$-values (Benjamini and Yekutieli 2001; Sarkar 2002, 2008).

The idea of improving the FDR control of the BH method by plugging into it a suitable estimate $\hat{\pi}_0$ of $\pi_0$, that is, by considering the modified $p$-values $\hat{\pi}_0p_i$, rather than the original $p$-values, in the BH method, was introduced by Benjamini and Hochberg (2000), which was later brought into the estimation based approach to controlling the FDR by Storey (2002).
A number of such plugged-in versions of the BH method with proven and improved FDR control mostly under independence have been put forward based on different methods of estimating $\pi_0$ (for instance, Benjamini, Krieger, and Yekutieli 2006; Blanchard and Roquain 2009; Gavrilov, Benjamini and Sarkar 2009; Sarkar 2008; and Storey, Taylor and Siegmund 2004).

3 CONTROLLING THE FDR IN A TWO-STAGE ADAPTIVE DESIGN

Now suppose that the $m$ null hypotheses $H_i, i = 1, \ldots, m,$ are to be simultaneously tested in a two-stage adaptive design setting. When testing a single hypothesis, say $H_i$, the theory of two-stage combination test can be described as follows: Given $p_{1i}$, the p-value available for $H_i$ at the first stage, and two constants $\lambda < \lambda'$, make an early decision regarding the hypothesis by rejecting it if $p_{1i} \leq \lambda$, accepting it if $p_{1i} > \lambda'$, and continuing to test it at the second stage if $\lambda < p_{1i} \leq \lambda'$. At the second stage, combine $p_{1i}$ with the additional p-value $p_{2i}$ available for $H_i$ using a combination function $C(p_{1i}, p_{2i})$ and reject $H_i$ if $C(p_{1i}, p_{2i}) \leq \gamma$, for some constant $\gamma$. The constants $\lambda, \lambda'$ and $\gamma$ are determined subject to a control of the type I error rate by the test.

For simultaneous testing, we consider a natural extension of this theory from single to multiple testing. More specifically, given the first-stage p-value $p_{1i}$ corresponding to $H_i$ for $i = 1, \ldots, m$, we first determine two thresholds $0 \leq \hat{\lambda} < \hat{\lambda}' \leq 1$, stochastic or non-stochastic, and make an early decision regarding the hypotheses at this stage by rejecting $H_i$ if $p_{1i} \leq \hat{\lambda}$, accepting $H_i$ if $p_{1i} > \hat{\lambda}'$, and continuing to test $H_i$ at the second stage if $\hat{\lambda} < p_{1i} \leq \hat{\lambda}'$. At the second stage, we use the additional p-value $p_{2i}$ available for a follow-up hypothesis $H_i$ and combine it with $p_{1i}$ using the combination function $C(p_{1i}, p_{2i})$. The final decision is taken on the follow-up hypotheses at the second stage by determining another threshold $\hat{\gamma}$, again stochastic or non-stochastic, and by rejecting the follow-up hypothesis $H_i$ if $C(p_{1i}, p_{2i}) \leq \hat{\gamma}$. Both first-stage and second-stage thresholds are to be determined in such a way that the overall FDR is controlled at the desired level $\alpha$.

Let $p_{1(1)} \leq \cdots \leq p_{1(m)}$ be the ordered versions of the first-stage p-values, with $H_{(i)}$ being the null hypotheses corresponding to $p_{1(i)}, i = 1, \ldots, m,$ and $q_i = C(p_{1i}, p_{2i})$. We
describe in the following a general multiple testing procedure based on the above theory, before proposing our FDR controlling procedures that will be of this type.

**A General Stepwise Procedure.**

1. For two non-decreasing sequences of constants \( \lambda_1 \leq \cdots \leq \lambda_m \) and \( \lambda'_1 \leq \cdots \leq \lambda'_m \), with \( \lambda_i < \lambda'_i \) for all \( i = 1, \ldots, m \), and the first-stage p-values \( p_{1i}, i = 1, \ldots, m \), define two thresholds as follows: \( R_1 = \max\{1 \leq i \leq m : p_{1i} \leq \lambda_j \text{ for all } j \leq i\} \) and \( S_1 = \max\{1 \leq i \leq m : p_{1i} \leq \lambda'_i\} \), where \( 0 \leq R_1 \leq S_1 \leq m \) and \( R_1 \) or \( S_1 \) equals zero if the corresponding maximum does not exist. Reject \( H(i) \) for all \( i \leq R_1 \), accept \( H(i) \) for all \( i > S_1 \), and continue testing \( H(i) \) at the second stage for all \( i \) such that \( R_1 < i \leq S_1 \).

2. At the second stage, consider \( q(i), i = 1, \ldots, S_1 - R_1 \), the ordered versions of the combined p-values \( q_i = C(p_{1i}, p_{2i}), i = 1, \ldots, S_1 - R_1 \), for the follow-up null hypotheses, and find \( R_2(R_1, S_1) = \max\{1 \leq i \leq S_1 - R_1 : q(i) \leq \gamma_{R_1+i}\} \), given another non-decreasing sequence of constants \( \gamma_{r_1+i}(r_1, s_1) \leq \cdots \leq \gamma_{s_1}(r_1, s_1) \), for every fixed \( r_1 < s_1 \). Reject the follow-up null hypothesis \( H(i) \) corresponding to \( q(i) \) for all \( i \leq R_2 \) if this maximum exists, otherwise, reject none of the follow-up null hypotheses.

**Remark 1.** We should point out that the above two-stage procedure screens out the null hypotheses at the first stage by accepting those with relatively large \( p \)-values through a stepup procedure and by rejecting those with relatively small \( p \)-values through a stepdown procedure. At the second stage, it applies a stepup procedure to the combined \( p \)-values. Conceptually, one could have used any type of multiple testing procedure to screen out the null hypotheses at the first stage and to test the follow-up null hypotheses at the second stage. However, the particular types of stepwise procedure we have chosen at the two stages provide flexibility in terms of developing a formula for the FDR and eventually determining explicitly the thresholds we need to control the FDR at the desired level.

Let \( V_1 \) and \( V_2 \) denote the total numbers of falsely rejected among all the \( R_1 \) null hypotheses rejected at the first stage and the \( R_2 \) follow-up null hypotheses rejected at the second stage, respectively, in the above procedure. Then, the overall FDR in this two-stage
procedure is given by

\[ FDR_{12} = E \left[ \frac{V_1 + V_2}{\max\{R_1 + R_2, 1\}} \right]. \]

The following theorem (to be proved in Appendix) will guide us in determining the first- and second-stage thresholds in the above procedure that will provide a control of \( FDR_{12} \) at the desired level. This is the procedure that will be one of those we propose in this article. Before stating the theorem, we need to define the following notations:

- \( R_1^{(-i)} \) is defined as \( R_1 \) in terms of the \( m - 1 \) first-stage p-values \( \{p_{11}, \ldots, p_{1m}\} \setminus \{p_{1i}\} \) and the sequence of constants \( \lambda_2 \leq \cdots \leq \lambda_m \).
- \( \tilde{R}_1^{(-i)} \) and \( S_1^{(-i)} \) are defined as \( R_1 \) and \( S_1 \), respectively, in terms of \( \{p_{11}, \ldots, p_{1m}\} \setminus \{p_{1i}\} \) and the two sequences of constants \( \lambda_1 \leq \cdots \leq \lambda_{m-1} \) and \( \lambda'_2 \leq \cdots \leq \lambda'_m \).
- \( R_2^{(-i)} \) is defined as \( R_2 \) with \( R_1 \) replaced by \( \tilde{R}_1^{(-i)} \) and \( S_1 \) replaced by \( S_1^{(-i)} + 1 \) and noting the number of rejected follow-up null hypotheses based on all the combined p-values except the \( q_i \) and the critical values other than the first one; that is,

\[
R_2^{(-i)} \equiv R_2^{(-i)}(\tilde{R}_1^{(-i)}, S_1^{(-i)} + 1)
= \max\{1 \leq j \leq S_1^{(-i)} - \tilde{R}_1^{(-i)} : q_{(j)}^{(-i)} \leq \gamma_{\tilde{R}_1^{(-i)} + j + 1}(\tilde{R}_1^{(-i)}, S_1^{(-i)} + 1)\},
\]

where \( q_{(j)}^{(-i)} \)'s are the ordered versions of the combined p-values for the follow-up null hypotheses except the \( q_i \).

**Theorem 1.** The FDR of the above general multiple testing procedure satisfies the following inequality

\[
FDR_{12} \leq \sum_{i \in J_0} E \left[ \frac{I(p_{1i} \leq \lambda_{\tilde{R}_1^{(-i)} + 1})}{\tilde{R}_1^{(-i)} + 1} \right] + \\
\sum_{i \in J_0} E \left[ \frac{I(\lambda_{\tilde{R}_1^{(-i)} + 1} < p_{1i} \leq \lambda'_{S_1^{(-i)} + 1}, q_i \leq \gamma_{\tilde{R}_1^{(-i)} + R_2^{(-i)} + 1, S_1^{(-i)} + 1})}{\tilde{R}_1^{(-i)} + R_2^{(-i)} + 1} \right].
\]

The theorem is proved in Appendix.
3.1 BH Type Procedures

We are now ready to propose our FDR controlling multiple testing procedures in a two-stage adaptive design setting with combination function. Before that, let us state some assumptions we need.

**Assumption 1.** The combination function $C(p_1, p_2)$ is non-decreasing in both arguments.

**Assumption 2.** The pairs $(p_{1i}, p_{2i}), i = 1, \ldots, m,$ are independently distributed and the pairs corresponding the null hypotheses are identically distributed as $(p_1, p_2)$ with a joint distribution that satisfies the ‘p-clud’ property (Brannath et al., 2002), that is,

$$
\Pr (p_1 \leq u) \leq u \text{ and } \Pr (p_2 \leq u \mid p_1) \leq u \text{ for all } 0 \leq u \leq 1.
$$

Let us define the function

$$
H(c; t, t') = \int_t^{t'} \int_0^1 I(C(u_1, u_2) \leq c) du_2 du_1, \quad 0 < c < 1,
$$

When testing a single hypothesis based on the pair $(p_1, p_2)$ using $t$ and $t'$ as the first-stage acceptance and rejection thresholds, respectively, and $c$ as the second-stage rejection threshold, $H(c; t, t')$ is the chance of this hypothesis to be followed up in the second stage before being rejected when it is null.

**Definition 1.** (BH-TSADC Procedure).

1. Given the level $\alpha$ at which the overall FDR is to be controlled, three sequences of constants $\lambda_i = i\lambda/m, i = 1, \ldots, m, \lambda'_i = i\lambda'/m, i = 1, \ldots, m,$ for some prefixed $\lambda < \alpha < \lambda', \gamma_{r_1+1,s_1} \leq \cdots \leq \gamma_{s_1,s_1}$, satisfying

$$
H(\gamma_{r_1+i,s_1}; \lambda_{r_1}, \lambda'_{s_1}) = \frac{(r_1+i)(\alpha - \lambda)}{m},
$$

$i = 1, \ldots, s_1 - r_1$, for every fixed $1 \leq r_1 < s_1 \leq m$, find $R_1 = \max\{1 \leq i \leq m : p_{1(j)} \leq \lambda_j \text{ for all } j \leq i\}$ and $S_1 = \max\{1 \leq i \leq m : p_{1(i)} \leq \lambda'_1\}$, with $R_1$ or $S_1$ being equal to zero if the corresponding maximum does not exist.
2. Reject \( H_{(i)} \) for \( i \leq R_1 \); accept \( H_{(i)} \) for \( i > S_1 \); and continue testing \( H_{(i)} \) for \( R_1 < i \leq S_1 \) making use of the additional p-values \( p_{2i} \)'s available for all such follow-up hypotheses at the second stage.

3. At the second stage, consider the combined p-values \( q_i = C(p_{1i}, p_{2i}) \) for the follow-up null hypotheses. Let \( q_{(i)}, i = 1, \ldots, S_1 - R_1 \), be their ordered versions. Reject \( H_{(i)} \) [the null hypothesis corresponding to \( q_{(i)} \)] for all \( i \leq R_2(R_1, S_1) = \max\{1 \leq j \leq S_1 - R_1 : q(j) \leq \gamma_{R_1+j,S_1}\} \), provided this maximum exists, otherwise, reject none of the follow-up null hypotheses.

**Proposition 1.** Let \( \pi_0 \) be the proportion of true null hypotheses. Then, the FDR of the BH-TSADC method is less than or equal to \( \pi_0 \alpha \), and hence controlled at \( \alpha \), if Assumptions 1 and 2 hold.

The proposition is proved in Appendix.

The BH-TSADC procedure can be implemented alternatively, and often more conveniently, in terms of some FDR estimates at both stages. With \( R^{(1)}(t) = \#\{i : p_{1i} \leq t\} \) and \( R^{(2)}(c; t, t') = \#\{i : t < p_{1i} \leq t', C(p_{1i}, p_{2i}) \leq c\} \), let us define

\[
\hat{\text{FDR}}_1(t) = \begin{cases} \frac{mt}{R^{(1)}(t)} & \text{if } R^{(1)}(t) > 0 \\ 0 & \text{if } R^{(1)}(t) = 0, \end{cases}
\]

and

\[
\hat{\text{FDR}}_{2|1}(c; t, t') = \begin{cases} \frac{mH(c; t, t')}{R^{(1)}(t) + R^{(2)}(c; t, t')} & \text{if } R^{(2)}(c; t, t') > 0 \\ 0 & \text{if } R^{(2)}(c; t, t') = 0, \end{cases}
\]

Then, we have the following:

*The BH-TSADC procedure: An alternative definition.* Reject \( H_{(i)} \) for all \( i \leq R_1 = \max\{1 \leq k \leq m : \hat{\text{FDR}}_1(p_{1(j)}) \leq \lambda \text{ for all } j \leq k\} \); accept \( H_{(i)} \) for all \( i > S_1 = \max\{1 \leq k \leq m : \hat{\text{FDR}}_1(p_{1(k)}) \leq \lambda'\} \); continue to test \( H_{(i)} \) at the second stage for all \( i \) such that \( R_1 < i \leq S_1 \). Reject \( H_{(i)} \), the follow-up null hypothesis corresponding to \( q_{(i)} \), at the second stage for all \( i \leq R_2(R_1, S_1) = \max\{1 \leq k \leq S_1 - R_1 : \hat{\text{FDR}}_{2|1}(q(k); R_1 \lambda/m, S_1 \lambda'/m) \leq \alpha - \lambda\} \).

**Remark 2.** The BH-TSADC procedure is an extension of the BH procedure, from
a method of controlling the FDR in a single-stage design to that in a two-stage adaptive
design with combination tests. When $\lambda = 0$ and $\lambda' = 1$, that is, when we have a single-
stage design based on the combined p-values, this method reduces to the usual BH method.
Notice that $\hat{FDR}_1(t)$ is a conservative estimate of the FDR of the single-step test with
the rejection $p_i \leq t$ for each $H_i$. So, the BH-TSADC procedure screens out those null
hypotheses as being rejected (or accepted) at the first stage the estimated FDR’s at whose
p-values are all less than or equal to $\lambda$ (or greater than $\lambda'$).

Clearly, the BH-TSADC procedure can potentially be improved in terms of having a
tighter control over its FDR at $\alpha$ by plugging a suitable estimate of $\pi_0$ into it while choosing
the second-stage thresholds, similar to what is done for the BH method in a single-stage
design. As said in Section 2, there are different ways of estimating $\pi_0$, each of which has
been shown to provide the ultimate control of the FDR, of course when the p-values are
independent, by the resulting plugged-in version of the single-stage BH method (see, e.g.,
Sarkar 2008). However, we will consider the following estimate of $\pi_0$, which is of the type
considered in Storey, Taylor and Siegmund (2004) and seems natural in the context of the
present adaptive design setting where $m - S_1$ of the null hypotheses are accepted as being
true at the first stage:

$$\hat{\pi}_0 = \frac{m - S_1 + 1}{m(1 - \lambda')}.$$ 

The following theorem gives a modified version of the the BH-TSADC procedure using
this estimate.

**Definition 2.** (Plug-In BH-TSADC Procedure).

Consider the BH-TSADC procedure with the early decision thresholds $R_1$ and $S_1$
based on the sequences of constants $\lambda_i = i\lambda/m$, $i = 1, \ldots, m$, and $\lambda'_i = i\lambda'/m,$
$i = 1, \ldots, m$, given $0 \leq \lambda < \lambda' \leq 1$, and the second-stage critical values $\gamma^*_{r_1+i,S_1},$
i = 1, \ldots, S_1 - R_1$, given by the equations

$$H(\gamma^*_{r_1+i,s_1}; \lambda_{r_1}, \lambda'_{s_1}) = \frac{(r_1 + i)(\alpha - \lambda)}{m\hat{\pi}_0},$$

for $i = 1, \ldots, s_1 - r_1$. 

13
Proposition 2. The FDR of the Plug-In BH-TSADC method is less than or equal to $\alpha$ if Assumptions 1 and 2 hold.

A proof of this proposition is given in Appendix.

As in the BH-TSADC procedure, the Plug-In BH-TSADC procedure can also be described alternatively using estimated FDR’s at both stages. Let

$$\widehat{FDR}_{2|1}^* (c; t, t') = \begin{cases} \frac{m \hat{\pi}_0 H(c; t, t')}{{R}^{(1)}(t)+{R}^{(2)}(c; t, t')} & \text{if } R^{(2)}(c; t, t') > 0 \\ 0 & \text{if } R^{(2)}(c; t, t') = 0 \end{cases}$$

Then, we have the following:

The Plug-In BH-TSADC procedure: An alternative definition. At the first stage, decide the null hypotheses to be rejected, accepted, or continued to be tested at the second stage based on $\widehat{FDR}_1$, as in (the alternative description of) the BH-TSADC procedure. At the second stage, reject $H(i)$, the follow-up null hypothesis corresponding to $q(i)$, for all $i \leq R_2^*(R_1, S_1) = \max \{1 \leq k \leq S_1 - R_1 : \widehat{FDR}_{2|1}^*(q(k); R_1 \lambda/m, S_1 \lambda'/m) \leq \alpha - \lambda \}$.

3.2 Two Special Combination Functions

We now present explicit formulas of $H(c; t, t')$ for two special combination functions - Fisher’s and Simes’ - often used in multiple testing applications.

Fisher’s combination function: $C(p_1, p_2) = p_1 p_2$.

$$H_{Fisher}(c; t, t') = \int_t^{t'} \int_0^1 I(C(u_1, u_2) \leq c) \, du_2 du_1$$

$$= \begin{cases} \frac{c \ln \left( \frac{t}{t'} \right)}{t} & \text{if } c < t \\ c - t + c \ln \left( \frac{t}{t'} \right) & \text{if } t \leq c < t' \\ t' - t & \text{if } c \geq t' \end{cases}$$

for $c \in (0, 1)$.
Simes’ combination function: \( C(p_1, p_2) = \min \{2 \min(p_1, p_2), \max(p_1, p_2)\} \).

\[
H_{\text{Simes}}(c; t, t') = \int_t^{t'} \int_0^1 I(C(u_1, u_2) \leq c) \, du_2 \, du_1
\]

\[
= \left\{ \begin{array}{ll}
\frac{c}{2}(t' - t) & \text{if } c \leq t \\
c(t' - t) + \frac{c^2}{2} & \text{if } t < c \leq \min(2t, t') \\
c(t' - t) & \text{if } t' < c \leq 2t \\
\frac{c}{2}(1 + t') - t & \text{if } 2t < c \leq t' \\
\frac{c}{2}(1 + 2t') - \frac{c^2}{2} - t & \text{if } \max(2t, t') \leq c \leq 2t' \\
t' - t & \text{if } c \geq 2t',
\end{array} \right.
\]

for \( c \in (0, 1) \).

See also Brannath et al. (2002) for the formula (2). These formulas can be used to determine the critical values \( \gamma_i \)'s before observing the combined \( p \)-values or to estimate the FDR after observing the combined \( p \)-values at the second stage in the BH-TSADC and Plug-In BH-TSADC procedures with Fisher’s and Simes’ combination functions. Of course, for large values of \( m \), it is numerically more challenging to determine the \( \gamma_i \)'s than estimating the FDR at the second stage, and so in that case we would recommend using the alternative versions of these procedures.

Given the \( p \)-values from the two stages, Fisher’s combination function allows us to utilize the evidences from both stages with equal importance towards deciding on the corresponding null hypothesis. Simes’ combination function, on the other hand, allows us to make this decision based on the strength of evidence provided by the smaller of the two \( p \)-values relative to the larger one for rejecting the null hypothesis.

4 SIMULATION STUDIES

There are a number of important issues related to our proposed procedures that are worth investigating. As said in the introduction, modifying the first-stage BH method to make it more powerful in the present two-stage adaptive design setting, relative to the ideal BH method that would have been used had the second stage data been collected for all the hypotheses, of course without losing the ultimate control over the FDR, is an
important rationale behind developing our proposed methods. Hence, it is important to numerically investigate, at least under independence, how well the proposed procedures control the FDR and how powerful they can potentially be compared to both the first-stage and ideal BH methods. Since the ultimate control over the FDR has been theoretically established for our methods only under independence, it would be worthwhile to provide some insight through simulations into their FDRs under some dependence situations. The consideration of cost efficiency is as essential as that of improved power performance while choosing a two-stage multiple testing procedure over its single-stage version, as so it is also important to provide numerical evidence of how much cost savings our procedures can offer relative to the maximum possible cost incurred by using the ideal BH method. We conducted our simulation studies addressing these issues. More details about these studies and conclusions derived from them are given in the following subsections.

4.1 FDR and Power Under Independence

To investigate how well our procedures perform relative to the first-stage and full-data BH methods under independence, we (i) generated two independent sets of $m$ uncorrelated random variables $Z_i \sim N(\mu_i, 1), i = 1, \ldots, m$, one for Stage 1 and the other for Stage 2, having set $m\pi_0$ of these $\mu_i$'s at zero and the rest at 2; (ii) tested $H_i : \mu_i = 0$ against $K_i : \mu_i > 0$, simultaneously for $i = 1, \ldots, m$, by applying each of the following procedures at $\alpha = 0.05$ to the generated data: The (alternative versions of) BH-TSADC and Plug-In BH-TSADC procedures with both Fisher’s and Simes’ combination functions, the first-stage BH method, and the BH method based on combining the data from two stages (which we call the full-data BH method); and (iii) noted the false discovery proportion and the proportion of false nulls that are rejected. We repeated steps (i)-(iii) 1000 times and averaged out the above proportions over these 1000 runs to obtain the final simulated values of FDR and average power (the expected proportion of false nulls that are rejected) for each of these procedures.

The simulated FDRs and average powers of these procedures for different values of $\pi_0$ and selections of early stopping boundaries have been graphically displayed in Figures 1-8. Figures 1 and 3 compare the BH-TSADC and Plug-In BH-TSADC procedures based on both Fisher’s and Simes combination functions with the first-stage and full-data BH
procedures for $m = 100$ (Figure 1) and 1000 (Figure 3), the early rejection boundary $\lambda = 0.005, 0.010, \text{ or } 0.025$, and the early acceptance boundary $\lambda' = 0.5$; whereas, Figures 2 and 4 do the same in terms of the average power. Figures 5 to 8 are reproductions of Figures 1 to 4, respectively, with different early rejection boundary $\lambda = 0.025$ and early acceptance boundary $\lambda' = 0.5, 0.8, \text{ or } 0.9$.

To examine the performance of our proposed procedures in a more complicated genetic mode, we explored a model with equally spaced exponentially decreasing effect sizes at $1.5 \times (2^2, 2^1, 2^{0.5}, 2^0)$. The simulation results can be found in the supplementary materials of this article. These results show that our procedures are more powerful in presence of such exponentially decreasing effect sizes than with a constant effect size for the alternative hypotheses.

### 4.2 FDR Under Dependence

We considered three different scenarios for dependent $p$-values in our simulation study to investigate the FDR control of our procedures under dependence. In particular, we generated two independent sets of $m = 100$ correlated normal random variables $Z_i \sim N(\mu_i, 1), i = 1, \ldots, m$, one for Stage 1 and the other for Stage 2, with $m\pi_0$ of the $\mu_i$’s being equal to 0 and the rest being equal to 2, and a correlation matrix exhibiting one of three different types of dependence - equal, clumpy and AR(1) dependence. In other words, the $Z_i$’s were assumed to have a common, non-negative correlation $\rho$ in case of equal dependence, were broken up into ten independent groups with 10 of the $Z_i$’s within each group having a common, non-negative correlation $\rho$ in case of clumpy dependence, and were assumed to have correlations $\rho_{ij} = \text{Cor}(Z_i, Z_j)$ of the form $\rho_{ij} = \rho^{|i-j|}$ for all $i \neq j = 1, \ldots, m$, and some non-negative $\rho$ in case of AR(1) dependence. We then applied the (alternative versions of) the BH-TSADC and Plug-In BH-TSADC procedures at level $\alpha = 0.05$ with both Fisher’s and Simes combination functions, $\lambda = 0.025$, and $\lambda' = 0.5$ to these data sets. These two steps were repeated 1000 times before obtaining the simulated FDR’s and average powers for these procedures, as in our study related to the independence case.

Figures 9-11 graphically display the simulated FDRs of these procedures for different values of $\pi_0$ and types of dependent $p$-values considered.
4.3 Cost Saving

Let’s consider determining the cost saving in the context of a genome-wide association study. Because of high cost of genotyping hundreds of thousands of markers on thousands of subjects, such genotyping is often carried out in a two-stage format. A proportion of the available samples are genotyped on a large number of markers in the first stage, and a small proportion of these markers are selected and then followed up by genotyping them on the remaining samples in the second stage.

Suppose that $c$ is the unit cost of genotyping one marker for each patient, $n$ is the total number of patients assigned across stages 1 and 2, and $m$ is the total number of markers for each patient. Then, if we had to apply the full-data BH method, the total cost of genotyping for all these patients would be $n \times m \times c$. Whereas, if we apply our proposed methods with a fraction $f$ of the $n$ patients assigned to stage 1, then the expected total cost would be $f \times n \times m \times c + (1 - f) \times n \times [m - E(S(f))] \times c$, where $S(f)$ is the total number of rejected and accepted hypotheses in the first stage. Thus, for our proposed methods, the expected proportion of saving from the maximum possible cost of using the full-data BH method is

\[
\frac{(1 - f) \times n \times E(S(f)) \times c}{m \times n \times c} = \frac{(1 - f)E(S(f))}{m}.
\]

Table 1 presents the simulated values of this expected proportion of cost saving for our proposed two-stage methods in multiple testing of $m$ ($= 100, 1000, \text{ or } 5000$) independent normal means in the present two-stage setting with a fraction $f$ ($= 0.25, 0.50, 0.75, \text{ or } 1.00$) of the total number of patients being allocated to the first stage.

<table>
<thead>
<tr>
<th>$f$</th>
<th>$m = 100$</th>
<th>$m = 1000$</th>
<th>$m = 5000$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\pi_0 = 0.5$</td>
<td>$\pi_0 = 0.9$</td>
<td>$\pi_0 = 0.5$</td>
</tr>
<tr>
<td>$0.25$</td>
<td>0.4321</td>
<td>0.4337</td>
<td>0.4336</td>
</tr>
<tr>
<td>$0.50$</td>
<td>0.2405</td>
<td>0.2442</td>
<td>0.2442</td>
</tr>
<tr>
<td>$0.75$</td>
<td>0.1075</td>
<td>0.1082</td>
<td>0.1090</td>
</tr>
</tbody>
</table>
4.4 Conclusions

Our simulations in Sections 4.1 and 4.2 mimic the scenarios with equal allocation of sample size between the two stages. So, if we measure the performance of a two-stage procedure by how much power improvement it can offer over the first-stage BH method relative to that offered by the ideal, full-data BH method, then our proposed two-stage FDR controlling procedures with Fisher’s combination function are seen from Figures 1-8 to do much better under such equal allocation, at least when the p-values are independent both across the hypotheses and stages, than those based on Simes’ combination function. Of course, our procedures based on Simes’ combination function are doing reasonably well in terms of this measure of relative power improvement. It’s performance is roughly between those of the first-stage and the full-data BH methods. Between our two proposed procedures, whether it’s based on Fisher’s or Simes’ combination function, the BH-TSADC appears to be the better choice when \( \pi_0 \) is large, like more than 50%, which is often the case in practice. It controls the FDR not only under independence, which is theoretically known, but also the FDR control seems to be maintained even under different types of positive dependence, as seen from Figures 9-11. If, however, \( \pi_0 \) is not large, the Plug-In BH-TSADC procedure provides a better control of the FDR, although it might lose the FDR control when the statistics generating the p-values exhibit equal or AR(1) type dependence with a moderately large equal- or auto-correlation. Also seen from Figures 1-8, there is no appreciable difference in the power performances of the proposed procedures over different choices of the early stopping boundaries. From Table 1, we notice that our two-stage methods can provide large cost savings. For instance, with 90% true nulls and half of the total sample size allocated to the first stage, our procedures can offer 44% saving from the maximum cost of using the ideal, full-data BH method. This proportion gets larger with increasing proportion of true nulls or decreasing proportion of the total sample size allocated to the first stage.

5 A REAL DATA APPLICATION

To illustrate how the proposed procedures can be implemented in practice, we reanalyzed a dataset taken from an experiment by Tian et al. (2003) and post-processed by Jeffery et
Zehetmayer et al. (2006) considered this data for a different purpose. In this data set, multiple myeloma samples were generated with Affymetrix Human U95A chips, each consisting 12,625 probe sets. The samples were split into two groups based on the presence or absence of focal lesions of bone.

The original dataset contains gene expression measurements of 36 patients without and 137 patients with bone lytic lesions. However, for the illustration purpose, we used the gene expression measurements of 36 patients with bone lytic lesions and a control group of the same sample size without such lesions. We considered this data in a two-stage framework, with the first 18 subjects per group for Stage 1 and the next 18 subjects per group for Stage 2. We prefixed the Stage 1 early rejection boundary $\lambda$ at 0.005, 0.010, or 0.015, and the early acceptance boundary $\lambda'$ at 0.5, 0.8 or 0.9, and applied the proposed (alternatives versions of) BH-TSADC and plug-in BH-TSADC procedures at the FDR level of 0.025.

In particular, we considered all $m = 12,625$ probe set gene expression measurements for the first stage data of 36 patients (18 patients per group) and the full data of 72 patients (36 patients per group) across two stages, and analyzed them based on a stepdown procedure with the critical values $\lambda_i = i\lambda/m$, $i = 1, \ldots, m$, and a stepup procedure with the critical values $\lambda'_i = i\lambda'/m$, $i = 1, \ldots, m$, using the corresponding p-values generated from one-sided t-tests applied to the first-stage data. We noted the probe sets that were rejected by the stepdown procedure and those that were accepted by the stepup procedure. With these numbers being $r_1$ and $m - s_1$, respectively, we took the probe sets that were neither rejected by the stepdown procedure nor accepted by the stepup procedure, that is, the probe sets with the first-stage p-values more than $r_1\lambda/m$ but less than or equal to $s_1\lambda'/m$, for further analysis using estimated FDR based on their first-stage and second-stage p-values combined through Fisher’s and Simes’ combination functions as described in the alternative versions of the BH-TSADC and plug-in BH-TSADC procedures.

The results of this analysis are reported in Table 2. As seen from this table, the BH-TSADC with Fisher’s combination function is doing the best. For instance, with $\lambda = 0.005$ and $\lambda' = 0.9$, the proportion of additional discoveries it makes over the first-stage BH method is $104/125 = 83.2\%$ of such additional discoveries that the ideal, full-data BH method could make; whereas, these percentages are $52/125 = 41.6\%$, $32/125 = 25.6\%$, and $16/125 = 12.8\%$ for the BH-TSADC with Simes’ combination function, the Plug-
Table 2: The numbers of discoveries made out of 12625 probe sets in the Affymetrix Human U95A Chips data from Tian et al. (2003) by the BH-TSADC and Plug-In BH-TSADC procedures, each with either Fisher’s or Simes’ combination function, at the FDR level of 0.025.

<table>
<thead>
<tr>
<th></th>
<th>Fisher’s BH-TSADC</th>
<th>Fisher’s Plug-in BH-TSADC</th>
<th>Simes’ BH-TSADC</th>
<th>Simes’ Plug-in BH-TSADC</th>
<th>BH Stage 1 Data</th>
<th>BH Full Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>λ = 0.005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>λ’ = 0.5</td>
<td>84</td>
<td>58</td>
<td>33</td>
<td>17</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ’ = 0.8</td>
<td>97</td>
<td>35</td>
<td>42</td>
<td>17</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ’ = 0.9</td>
<td>106</td>
<td>34</td>
<td>54</td>
<td>18</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ = 0.010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>λ’ = 0.5</td>
<td>74</td>
<td>41</td>
<td>24</td>
<td>13</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ’ = 0.8</td>
<td>81</td>
<td>31</td>
<td>30</td>
<td>16</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ’ = 0.9</td>
<td>90</td>
<td>31</td>
<td>37</td>
<td>18</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ = 0.015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>λ’ = 0.5</td>
<td>56</td>
<td>31</td>
<td>17</td>
<td>12</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ’ = 0.8</td>
<td>63</td>
<td>29</td>
<td>23</td>
<td>15</td>
<td>2</td>
<td>127</td>
</tr>
<tr>
<td>λ’ = 0.9</td>
<td>69</td>
<td>27</td>
<td>30</td>
<td>18</td>
<td>2</td>
<td>127</td>
</tr>
</tbody>
</table>

In BH-TSADC with Fisher’s combination function, and the Plug-In BH-TSADC with Simes’ combination function, respectively. This pattern of dominance of the BH-TSADC with Fisher’s combination function over the other procedures is noted for other values of λ and λ’ as well.

This table provides some additional insights into our procedures. For instance, under positive dependence across hypotheses, which can be assumed to be the case for this data set, it appears that the BH-TSADC procedure, with either Fisher’s or Simes’ combination function, tend to become steadily more powerful with increasing λ’ but fixed λ or with decreasing λ but fixed λ’. Note that we did not have the opportunity to get this insight from our simulations studies.

6 CONCLUDING REMARKS

Our main goal in this article has been to construct a two-stage multiple testing procedure that allows making early decisions on the null hypotheses in terms of rejection, acceptance or continuation to the second stage for further testing with more observations and eventually controls the FDR. Such two-stage formulation of multiple testing is of practical importance in many statistical investigations; nevertheless, generalizations of the classical BH type methods from single-stage to the present two-stage setting, which seem to be the
most natural procedures to consider, have not been put forward until the present work. We have been able to construct two such generalizations with proven FDR control under independence. We have provided simulation results showing their meaningful improvements over the first-stage BH method relative to that offered by the ideal BH method in terms of both power and cost saving under independence, and given an example of their utilities in practice. We also have presented numerical evidence that the proposed procedures can maintain a control over the FDR even under some dependence situations.

It is important to emphasize that the theory behind the developments of our proposed two-stage FDR controlling methods has been driven by the idea of setting the early decision boundaries $\lambda < \lambda'$ on the (estimated) FDR at the first-stage p-values, rather than on these p-values themselves. In other words, we flag those null hypotheses for rejection (or acceptance) at the first stage at whose p-values the estimated FDR’s are all less than or equal to $\lambda$ (or greater than $\lambda'$) before proceeding to the second stage; see Remark 2. This, we would argue, is often practical and meaningful when we are testing multiple hypotheses in two-stages in an FDR framework.

Brannath et al. (2002) have defined a global p-value $\tilde{p}(p_1, p_2)$ for testing a single hypothesis in a two-stage adaptive design with combination function $C(p_1, p_2)$. With the boundaries $\lambda < \lambda'$ set on each $p_{1i}$, the global p-value for each $H_i$ is defined by

$$
\tilde{p}_i \equiv \tilde{p}(p_{1i}, p_{2i}) = \begin{cases} 
    p_{1i} & \text{if } p_{1i} \leq \lambda \text{ or } p_{1i} > \lambda' \\
    \lambda + H(C(p_{1i}, p_{2i}); \lambda, \lambda') & \text{if } \lambda < p_{1i} \leq \lambda'.
\end{cases}
$$

They have shown that each $\tilde{p}_i$ is stochastically larger than or equal to $U(0, 1)$ when $(p_{1i}, p_{2i})$ satisfies the p-clud property, and the equality holds when $p_{1i}$ and $p_{2i}$ are independently distributed as $U(0, 1)$. So, one may consider the BH method based on the $\tilde{p}_i$'s. This would control the overall FDR under the assumptions considered in the paper, maybe under some positive dependence conditions as well. However, it does not set the early decision boundaries on the FDR.

We proposed our FDR controlling procedures in this paper considering a non-asymptotic setting. However, one may consider developing procedures that would asymptotically control the FDR by taking the following approach towards finding the first- and second-stage thresholds subject to the early boundaries $\lambda < \lambda'$ and the final boundary $\alpha$ on the FDR.
Given two constants \( t < t' \), make an early decision regarding \( H_i \) by rejecting it if \( p_{1i} \leq t \), accepting it if \( p_{1i} > t' \), and continuing to test it at the second stage if \( t < p_{1i} \leq t' \). At the second stage, reject \( H_i \) if \( C(p_{1i}, p_{2i}) \leq c \). Storey’s (2002) estimate of the first-stage FDR is given by

\[
\hat{\text{FDR}}_1^*(t) = \begin{cases} 
\frac{m\hat{\pi}_0}{R^{(1)}(t)} & \text{if } R^{(1)}(t) > 0 \\
0 & \text{if } R^{(1)}(t) = 0 
\end{cases}
\]

for some estimate \( \hat{\pi}_0 \) of \( \pi_0 \). Similarly, the overall FDR can be estimated as follows:

\[
\hat{\text{FDR}}_{12}^*(c, t, t') = \begin{cases} 
\frac{m\hat{\pi}_0[t + H(c, t')]}{R^{(1)}(t) + R^{(2)}(c, t, t')} & \text{if } R^{(1)}(t) + R^{(2)}(c, t, t') > 0 \\
0 & \text{if } R^{(1)}(t) + R^{(2)}(c, t, t') = 0 
\end{cases}
\]

Let

\[
\hat{t}_\lambda = \sup \{ t : \hat{\text{FDR}}_1(t') \leq \lambda \text{ for all } t' \leq t \},
\]

\[
\hat{t}_{\lambda'} = \inf \{ t : \hat{\text{FDR}}_1(t') > \lambda' \text{ for all } t' > t \},
\]

and

\[
\hat{c}_\alpha(\lambda, \lambda') = \sup \{ c : \hat{\text{FDR}}_{12}(c, \hat{t}_\lambda, \hat{t}_{\lambda'}) \leq \alpha \}.
\]

Then, reject \( H_i \) if \( p_{1i} \leq \hat{t}_\lambda \) or if \( \hat{t}_\lambda < p_{1i} \leq \hat{t}_{\lambda'} \) and \( C(p_{1i}, p_{2i}) \leq \hat{c}_\alpha(\lambda, \lambda') \). This may control the overall FDR asymptotically under the weak dependence condition and the consistency property of \( \hat{\pi}_0 \) (as in Storey, Taylor and Siegmund 2004).

There are a number of other important issues related to the present problem which we have not touched in this paper but hope to address in different communications. There are other combination functions, such as Fisher’s weighted product (Fisher 1932) and weighted inverse normal (Mosteller and Bush 1954); their performances would be worth investigating. Consideration of the conditional error function (Proschan and Hunsberger 1995) while defining a two-stage design before constructing FDR controlling methods is another important issue. Now that we know how to test multiple hypotheses in a two-stage design subject to first-stage boundaries on and the overall control of the FDR, we should be able to address issues relate to sample size determinations.
7 Appendix

Proof of Theorem 1.

\[
FDR_{12} = E \left[ \frac{V_1 + V_2}{\max\{R_1 + R_2, 1\}} \right] \leq E \left[ \frac{V_1}{\max\{R_1, 1\}} \right] + E \left[ \frac{V_2}{\max\{R_1 + R_2, 1\}} \right].
\]

Now,

\[
E \left[ \frac{V_1}{\max\{R_1, 1\}} \right] = \sum_{i \in J_0} E \left[ \frac{I(p_{1i} \leq \lambda_{R_1})}{\max\{R_1, 1\}} \right] = \sum_{i \in J_0} E \left[ \frac{I(p_{1i} \leq \lambda_{R_1})}{\max\{R_1, 1\}} \right] 
\leq \sum_{i \in J_0} E \left[ \frac{I(p_{ii} \leq \lambda_{R_1}^{(-i)+1})}{R_1^{(-i)} + 1} \right];
\]

(as shown in Sarkar, 2008; see also Result 1). And,

\[
E \left[ \frac{V_2}{\max\{R_1 + R_2, 1\}} \right] = \sum_{i \in J_0} E \left[ \frac{I(\lambda_{R_1} + 1 < p_{1i} \leq \lambda_{S_1}, \ q_i \leq \gamma_{R_1+R_2,S_1}, S_1 > R_1, R_2 > 0)}{R_1 + R_2} \right]. \tag{3}
\]

Writing \( R_2 \) more explicitly in terms of \( R_1 \) and \( S_1 \), we see that the expression in (3) is equal
Thus, the theorem is proved.

**Proof of proposition 1.**

\[
\text{FDR}_{12} \leq \sum_{i \in J_0} E \left[ \frac{P_H(p_1 \leq \lambda_{R_i}^{(-i)+1})}{R_i^{(-i)} + 1} \right] + \\
\sum_{i \in J_0} E \left[ \frac{P_H(\lambda_{R_i}^{(-i)+1} < p_1 \leq \lambda_{S_1^{(-i)+1}}, C(p_1, p_2) \leq \gamma_{R_i^{(-i)}+R_2^{(-i)}+1,S_1^{(-i)+1}}) \right] \frac{\lambda_{R_i}^{(-i)+1}}{R_i^{(-i)} + 1} + 1 \\
\leq \sum_{i \in J_0} E \left[ \frac{\lambda_{R_i}^{(-i)+1}}{R_i^{(-i)} + 1} \right] + \\
\sum_{i \in J_0} E \left[ \frac{Pr(\lambda_{R_i}^{(-i)+1} < u_1 \leq \lambda_{S_1^{(-i)+1}}, C(u_1, u_2) \leq \gamma_{R_i^{(-i)}+R_2^{(-i)}+1,S_1^{(-i)+1}}) \right] \frac{\lambda_{R_i}^{(-i)+1}}{R_i^{(-i)} + 1} + 1.
\]

(4)

The first sum in (4) is less than or equal to \(\pi_0 \lambda\), since \(\lambda_{R_i}^{(-i)+1} = [R_i^{(-i)} + 1] \lambda/m\), and the second sum is less than or equal to \(\pi_0(\alpha - \lambda)\), since the probability in the numerator in
this sum is equal to

\[
H(\gamma_{\tilde{R}_1^{(-i)}+R_2^{(-i)}+1,S_1^{(-i)}+1}; \lambda_{\tilde{R}_1^{(-i)}+1}, \lambda_{S_1^{(-i)}+1}^{'} ) = \frac{\tilde{R}_1^{(-i)} + 1 + R_2^{(-i)} }{m} (\alpha - \lambda). 
\]

Thus, the proposition is proved.

**Proof of Proposition 2.** This can be proved as in Proposition 1. More specifically, first note that the FDR here, which we call the $FDR^{*}_{12}$, satisfies the following:

\[
FDR^{*}_{12} \leq \sum_{i \in J_0} \mathbb{E} \left[ \frac{I(p_{ii} \leq \lambda_{R_1^{(-i)}+1}^{(-i)})}{\tilde{R}_1^{(-i)} + 1} \right] + \sum_{i \in J_0} \mathbb{E} \left[ \frac{I(\lambda_{\tilde{R}_1^{(-i)}+1}^{(-i)} \leq p_{ii} \leq \lambda_{S_1^{(-i)}+1}^{(-i)}, q_{ii} \leq \gamma_{R_1^{(-i)}+R_2^{(-i)}+1,S_1^{(-i)}+1}^{*})}{\tilde{R}_1^{(-i)} + R_2^{(-i)} + 1} \right],
\]

(5)

where

\[
R_2^{*(-i)} = R_2^{*(-i)}(\tilde{R}_1^{(-i)}, S_1^{(-i)} + 1) = \max \{1 \leq j \leq S_1^{(-i)} - \tilde{R}_1^{(-i)} : q_{(j)}^{(-i)} \leq \gamma_{R_1^{(-i)}+j+1,S_1^{(-i)}+1}^{*} \},
\]

with $q_{(j)}^{(-i)}$ being the ordered versions of the combined p-values except the $q_i$. As in Proposition 1, the first sum in (5) is less than or equal to $\pi_0 \lambda$. Before working with the second sum, first note that the $\gamma^{*}$ satisfying Eqn. (1), that is, the following equation

\[
H(\gamma_{r_1+i,S_1}; \lambda_{r_1}, \lambda_{S_1}^{'} ) = \frac{(r_1 + i)(\alpha - \lambda)(1 - \lambda')}{m - S_1 + 1},
\]

is less than or equal to the $\gamma^{**}$ satisfying

\[
H(\gamma_{r_1+i,S_1}^{**}; \lambda_{r_1}, \lambda_{S_1}^{'} ) = \frac{(r_1 + i)(\alpha - \lambda)(1 - \lambda')}{m - S_1^{(-j)}}.
\]

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for any fixed $j = 1, \ldots, m$. So, the second sum in (5) is less than or equal to

$$\sum_{i \in J_0} E \left[ \frac{I(\lambda \tilde{R}_i^{(-i)} + 1 \leq p_{ii} \leq \lambda' \tilde{S}_i^{(-i)} + 1; q_i \leq \gamma \tilde{R}_i^{(-i)} + R_2^{(-i)} + 1)}{\tilde{R}_i^{(-i)} + R_2^{(-i)} + 1} \right]$$

$$= \sum_{i \in J_0} E \left[ \frac{H(\gamma \tilde{R}_i^{(-i)} + R_2^{(-i)} + 1, \lambda \tilde{R}_i^{(-i)} + 1; \lambda' \tilde{S}_i^{(-i)} + 1)}{\tilde{R}_i^{(-i)} + R_2^{(-i)} + 1} \right]$$

$$= (\alpha - \lambda) \sum_{i \in J_0} E \left[ \frac{1 - \lambda'}{m - s_i^{(-i)}} \right] \leq \alpha - \lambda,$$

since $\sum_{i \in J_0} E \left[ \frac{1 - \lambda'}{m - s_i^{(-i)}} \right] \leq 1$; see, for instance, Sarkar (2008, p. 151). Hence, $\text{FDR}_{12}^* \leq \pi_0 \lambda + \alpha - \lambda \leq \alpha$, which proves the proposition.

References


Figure 1: Comparison of simulated FDRs of BH-TSADC and Plug-In BH-TSADC procedures with simulated FDRs of first-stage and full-data BH procedures, with $m = 100$, $\lambda = 0.005, 0.010, 0.025$, $\lambda' = 0.5$, and $\alpha = 0.05$. 
Figure 2: Comparison of simulated average powers of BH-TSADC and Plug-In BH-TSADC procedures with simulated average powers of first-stage and full-data BH procedures, with $m = 100$, $\lambda = 0.005, 0.010$, and 0.025, $\lambda' = 0.5$, and $\alpha = 0.05$. 
Figure 3: Comparison of simulated FDRs of BH-TSADC and Plug-In BH-TSADC procedures with simulated FDRs of first-stage and full-data BH procedures, with $m = 1000$, $\lambda = 0.005, 0.010, 0.025$, $\lambda' = 0.5$, and $\alpha = 0.05$. 
Figure 4: Comparison of simulated average powers of BH-TSADC and Plug-In BH-TSADC procedures with simulated average powers of first-stage and full-data BH procedures, with $m = 1000$, $\lambda = 0.005, 0.010, 0.025$, $\lambda' = 0.5$, and $\alpha = 0.05$. 
Figure 5: Comparison of simulated FDRs of BH-TSADC and Plug-In BH-TSADC procedures with simulated FDRs of first-stage and full-data BH procedures, with $m = 100$, $\lambda = 0.025$, $\lambda' = 0.5, 0.8, 0.9$, and $\alpha = 0.05$. 
Figure 6: Comparison of simulated average powers of BH-TSADC and Plug-In BH-TSADC procedures with simulated average powers of first-stage and full-data BH procedures, with $m = 100$, $\lambda = 0.025$, $\lambda' = 0.5, 0.8, 0.9$, and $\alpha = 0.05$. 
Figure 7: Comparison of simulated FDRs of BH-TSADC and Plug-In BH-TSADC procedures with simulated FDRs of first-stage and full-data BH procedures, with \( m = 1000, \lambda = 0.025, \lambda' = 0.5, 0.8, 0.9, \) and \( \alpha = 0.05 \).
Figure 8: Comparison of simulated average powers of BH-TSADC and Plug-In BH-TSADC procedures with simulated average powers of first-stage and full-data BH procedures, with \( m = 1000, \lambda = 0.025, \lambda' = 0.5, 0.8, 0.9, \) and \( \alpha = 0.05. \)
Figure 9: Comparison of simulated FDRs of BH-TSADC and Plug-In BH-TSADC procedures under equal dependence with \( m = 100, \lambda = 0.025, \lambda' = 0.5, \) and \( \alpha = 0.05. \)
Figure 10: Comparison of simulated FDRs of BH-TSADC and Plug-In BH-TSADC procedures under clumpy dependence with $m = 100$, $\lambda = 0.025$, $\lambda' = 0.5$, and $\alpha = 0.05$. 
Figure 11: Comparison of simulated FDRs of BH-TSADC and Plug-In BH-TSADC procedures under AR(1) dependence with $m = 100$, $\lambda = 0.025$, $\lambda' = 0.5$, and $\alpha = 0.05$. 

$\rho = 0$ 
$\rho = 0.3$ 
$\rho = 0.6$ 
$\rho = 0.9$ 

$\pi_0$ 

$\rho = 0$ 
$\rho = 0.6$ 
$\rho = 0.3$ 
$\rho = 0.9$ 

$\pi_0$ 