

# Assessment of Agreement Under Non-standard Conditions Using Regression Models for Mean and Variance

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## Abstract

The total deviation index of Lin (2000, *Statist. Med.*, 19, 255-270) and Lin et al. (2002, *J. Am. Stat. Assoc.*, 97, 257-270) is an intuitive approach for assessment of agreement between two methods of measurements. It assumes that the differences of the paired measurements are a random sample from a normal distribution and works essentially by constructing a probability content tolerance interval for this distribution. We generalize this approach to the case when differences may not have identical distributions – a common scenario in applications. In particular, we use the regression approach to model the mean and the variance of differences as functions of observed values of the average of the paired measurements, and describe two methods based on asymptotic theory of maximum likelihood estimators for constructing a simultaneous probability content tolerance band. The first method uses bootstrap to approximate the critical point and the second method is an analytical approximation. Simulation shows that the first method works well for sample sizes as small as 30 and the second method is preferable for large sample sizes. We also extend the methodology for the case when the mean function is modelled using penalized splines via a mixed model representation. Two real data applications are presented.

**Key Words:** Bootstrap; Limits of agreement; Method comparison; Mixed model; Penalized spline; Simultaneous tolerance band; Total deviation index.

## 1 Introduction

We consider the setting of a method comparison study where a test method of measurement ( $T$ ) is compared with a reference method of measurement ( $R$ ) using the paired measurements

$(T_i, R_i)$ ,  $i = 1, \dots, n$ . In applications, this  $R$  is generally a gold standard, a measurement method that is traditionally considered to be accurate. The goal of the comparison is to assess the agreement of  $T$  with  $R$ , i.e., to determine whether for a subject, a measurement from  $R$  can be substituted with a measurement from  $T$  without leading to any difference in its clinical interpretation. This issue of agreement arises in medical applications where  $R$  is generally expensive or invasive, and  $T$  is a convenient alternative.

There are several approaches for evaluating agreement, e.g., the concordance correlation of Lin (1989), the total deviation index of Lin (2000) and others – see Lin, Hedayat, Sinha and Yang (2002) and Choudhary and Nagaraja (2004a) for reviews of the literature on this topic. We focus on the total deviation index approach and its refinement by Choudhary and Nagaraja (2004b). The basic idea of this approach is the following: It assumes that the differences  $Y_i = R_i - T_i$ ,  $i = 1, \dots, n$ , are a random sample from a  $N(\mu, \sigma^2)$  distribution, and constructs a level  $(1 - \alpha)$  upper confidence bound for the  $p_0$ -th percentile of  $|Y_i|$ , where the cutoff  $p_0$  ( $> 0.5$ ) is specified by the practitioner. Typically  $p_0$  is chosen from  $\{0.80, 0.85, 0.90, 0.95\}$ . Let  $q = \sigma\{\chi_1^2(p_0, \mu^2/\sigma^2)\}^{1/2}$  denote this percentile, and  $U$  be its upper confidence bound, with  $\chi_1^2(p_0, \Delta)$  representing the  $p_0$ -th percentile of a non-central  $\chi^2$ -distribution with one degree of freedom and non-centrality parameter  $\Delta$ . The interval  $[-U, U]$  then becomes a tolerance interval with probability content  $p_0$  and confidence  $(1 - \alpha)$ . In other words, it satisfies

$$Pr(F(U) - F(-U) \geq p_0) = 1 - \alpha, \tag{1}$$

where  $F(\cdot)$  is the cumulative distribution of  $Y_i$ 's (see Choudhary and Nagaraja, 2004b). One may refer to Guttman (1988) for an introduction to the concept of tolerance intervals. This interval here essentially estimates the likely range in which most of the differences are

expected to lie. The agreement of  $T$  with  $R$  is inferred as satisfactory if the practitioner believes that all the differences in this interval are equivalent to zero for all clinical purposes. Notice that in this approach, the value of  $p_0$  and the margin of clinically acceptable differences are two subjective choices made by the practitioner.

Frequently the assumption of identical distribution for the differences does not hold in applications. The dependence of  $E(Y_i)$  and  $var(Y_i)$  on the magnitude of measurements through their average,  $X_i = (R_i + T_i)/2$ , are two common violations (Bland and Altman, 1999, and Hawkins, 2002). Consider, for example, the Oestradiol data from Hawkins (2002). Oestradiol is a potent naturally occurring estrogen hormone, which is synthesized to treat estrogen deficiency and menopausal symptoms. The dataset has 142 Oestradiol measurements (in pg/ml) from two assays. Here for the sake of illustration we exclude three outlying differences and focus on the remaining  $n = 139$  observations. Figure 1a has their scatterplot. The plot of  $Y_i$  (assay 2 – assay 1) and  $\log(X_i)$  in Figure 1b clearly shows that  $Y_i$ 's have a non-constant mean and their variability increases with the magnitude of measurements. These two conditions, namely, the non-constant mean and the heteroscedasticity are the non-standard conditions referred to in the title of this article. In this scenario, a natural approach is to first model  $E(Y_i)$  and  $var(Y_i)$  as functions of the observed value  $x_i$  of the average  $X_i$ , and then construct the tolerance interval as a function of  $x$ , hereafter termed as a *tolerance band*, that has simultaneous confidence  $(1 - \alpha)$  for all  $x$  in a given interval  $\mathfrak{X}$ . The goal of this article is to present the methodology for the construction of this band. Figure 1d shows the resulting band when this methodology is applied to the Oestradiol data with  $(p_0, 1 - \alpha) = (0.80, 0.95)$ . Also included in Figures 1b and 1d are the graphs of the fitted mean and standard deviation functions (see Section 5.2 for details), and the tolerance inter-

val constructed assuming identical distribution for the differences as described in Choudhary and Nagaraja (2004b). Taking into account of the dependence of mean and variance of  $Y$  on  $x$  produces a funnel-shaped band which is much narrower initially than the band assuming constant mean and variance. This shape is consistent with the features of the scatterplot.

Figure 1 about here.

In this article, we assume that,

$$Y_i = Y(x_i) = \mu(x_i) + \sigma(x_i)\epsilon_i, \quad \epsilon_i \sim \text{independent } N(0, 1), \quad i = 1, \dots, n, \quad (2)$$

so that the  $Y_i$ 's follow independent  $N(\mu(x_i), \sigma^2(x_i))$  distributions, where

$$\mu(x) = f(x, \beta), \quad \sigma^2(x) = \sigma_e^2 g(x, \beta, \theta).$$

Here  $f$  and  $g$  are known fixed functions and  $\psi = (\beta, \theta, \sigma_e^2)$  is the  $p \times 1$  vector of unknown parameters, with  $\beta$  as a  $k \times 1$  vector, and  $\theta$  also being possibly vector-valued. Throughout this paper, a vector is a column vector unless specified otherwise. The forms of  $f$  and  $g$  are obtained using the standard regression methodology. See Carroll and Ruppert (1988, ch. 2) for the estimation of the latter. We assume that  $p_0 (> 0.5)$  is specified. Let  $\hat{\psi} = (\hat{\beta}, \hat{\theta}, \hat{\sigma}_e^2)$  be the maximum likelihood estimate (MLE) of  $\psi$ . Once we have  $\hat{\psi}$ , the percentile function

$$q(x) = p_0\text{-th percentile of } |Y(x)| = \sigma(x) \left\{ \chi_1^2 \left( p_0, \frac{\mu^2(x)}{\sigma^2(x)} \right) \right\}^{1/2}, \quad (3)$$

is estimated as

$$\hat{q}(x) = \hat{\sigma}(x) \left\{ \chi_1^2 \left( p_0, \frac{\hat{\mu}^2(x)}{\hat{\sigma}^2(x)} \right) \right\}^{1/2}; \quad \hat{\mu}(x) = f(x, \hat{\beta}), \quad \hat{\sigma}^2(x) = \hat{\sigma}_e^2 g(x, \hat{\beta}, \hat{\theta}). \quad (4)$$

The remainder of this article is organized as follows. Section 2 describes the methodology for the construction of an asymptotic simultaneous upper confidence band (UCB) for  $q(x)$ ,

say  $U(x)$ , which by definition satisfies,

$$Pr(q(x) \leq U(x), \text{ for all } x \in \mathfrak{X}) \approx 1 - \alpha,$$

for large  $n$ . In analogy with (1), the region  $[-U(x), U(x)]$  then becomes a simultaneous tolerance band for the differences under the model (2), i.e., we have

$$Pr(F_x[U(x)] - F_x[-U(x)] \geq p_0, \text{ for all } x \in \mathfrak{X}) \approx 1 - \alpha,$$

where  $F_x(\cdot)$  is the cumulative distribution function of  $Y(x)$ . With the help of this band, the practitioner can find the regions of measurement range where (s)he considers the agreement of  $T$  with  $R$  to be adequate. In Section 3, we use Monte Carlo simulation to study the small sample performance of the proposed methodology. Section 4 presents an illustration with a real data set. In Section 5, we generalize the methodology to handle the case when the mean function  $f$  is modelled using penalized splines and revisit the Oestradiol data introduced earlier. Section 6 concludes with a discussion.

## 2 Construction of Upper Confidence Band

Let  $l(\psi)$  denote the log-likelihood function of the model (2),

$$l(\psi) = -(n/2) \log(2\pi) - (1/2) \sum_{i=1}^n \log \sigma^2(x_i) - (1/2) \sum_{i=1}^n (y_i - \mu(x_i))^2 / \sigma^2(x_i).$$

The MLE  $\hat{\psi}$  is obtained by maximizing  $l(\psi)$  with respect to  $\psi$ . Pinheiro and Bates (2000, ch. 2) contains an excellent account of the computational details underlying this maximization process (see also Carroll and Ruppert, 1988, ch. 2-3). It is well-known that, for large  $n$ , the distribution of  $\hat{\psi}$  can be approximated as,

$$\hat{\psi} \approx N(\psi, I^{-1}), \quad \text{where } I = \left( -\frac{\partial^2 l(\psi)}{\partial \psi_i \partial \psi_j}; i, j = 1, \dots, p \right)_{\psi=\hat{\psi}}$$

is the *observed* Fisher information matrix for  $\psi$ . From the delta method (see Lehmann, 1998, p. 315), it follows that for a fixed  $x \in \mathfrak{X}$  and large  $n$ , the approximate distribution of

$$\log \hat{q}(x) \approx N(\log q(x), G'_x I^{-1} G_x), \quad \text{where } G_x = \left( \frac{\partial \log q(x)}{\partial \psi_i}; i = 1, \dots, p \right)_{\psi=\hat{\psi}} \quad (5)$$

is the  $p \times 1$  vector denoting the gradient of  $\log q(x)$  evaluated at  $\hat{\psi}$ , and  $G'_x$  is the transpose of  $G_x$ . The expression for  $G_x$  is given in the Appendix. Consequently,

$$Z_n(x) = (\log \hat{q}(x) - \log q(x)) / (G'_x I^{-1} G_x)^{1/2}, \quad (6)$$

is approximately  $N(0, 1)$  for every fixed  $x \in \mathfrak{X}$ . Here we use  $\log q(x)$  in place of  $q(x)$  as the normal approximation for the former tends to be more accurate.

This result suggests that for the UCB of  $q(x)$ , we can focus on a curve of the form,

$$U(x, c) = \exp \left\{ \log \hat{q}(x) - c (G'_x I^{-1} G_x)^{1/2} \right\}, \quad x \in \mathfrak{X}, \quad (7)$$

where  $c (< 0)$  is an appropriately chosen critical point. For an approximate *pointwise*  $100(1 - \alpha)\%$  UCB, we take  $c$  as the  $\alpha$ -th percentile of a  $N(0, 1)$  distribution. For a *simultaneous*  $100(1 - \alpha)\%$  UCB, we must choose  $c$  such that

$$1 - \alpha = Pr(\log q(x) \leq \log U(x, c), \text{ for all } x \in \mathfrak{X}) = Pr\left(\inf_{x \in \mathfrak{X}} Z_n(x) \geq c\right), \quad (8)$$

where  $Z_n(x)$  is defined in (6). We now discuss two approximations for this critical point.

## 2.1 Numerical Approximation by Bootstrap Method

The first method is a numerical approximation  $c \approx c_1$  obtained using bootstrap (see Efron and Tibshirani, 1993). Let  $(x_1^*, \dots, x_t^*)$  denote a grid of equally spaced  $x$ -values in  $\mathfrak{X}$ . We simulate independent realizations  $Y_i^* \sim N(\hat{\mu}(x_i^*), \hat{\sigma}^2(x_i^*))$ ,  $i = 1, \dots, t$ , where the functions  $\hat{\mu}$  and  $\hat{\sigma}^2$  defined in (4) are computed using the MLE  $\hat{\psi}$  based on the original sample

$\{x_1, Y_1\}, \dots, \{x_n, Y_n\}$ . The simulated sample  $\{x_1^*, Y_1^*\}, \dots, \{x_t^*, Y_t^*\}$  serves as a parametric resample of the original sample. This resample is used to compute the MLE, say  $\hat{\psi}^*$ , the associated observed information matrix, say  $I^*$ , the gradient, say  $G_{x^*}^*$ , and an estimate of  $\inf_{x \in \mathfrak{X}} Z_n(x)$ , say

$$M = \min_{1 \leq i \leq t} (\log \hat{q}^*(x_i^*) - \log \hat{q}(x_i^*)) / (G_{x_i^*}^{*'} I^{*-1} G_{x_i^*}^*)^{1/2}.$$

This process is repeated a large number of times, say  $B = 2000$ , to simulate  $B$  realizations of  $M$ . Finally, the  $\alpha$ -th sample percentile of  $M$  is taken as the approximation  $c_1$ .

## 2.2 Analytical Approximation

The next is an analytical approximation  $c \approx c_2$  obtained by solving the equation

$$\alpha = Pr(t_\nu \leq c_2) + \frac{\kappa_0}{2\pi} \left(1 + \frac{c_2^2}{\nu}\right)^{-\nu/2}, \quad \nu = (n - k), \quad (9)$$

for  $c_2$ . Here  $t_\nu$  follows a  $t$ -distribution with  $\nu$  degrees of freedom; and letting  $L_x = I^{-1/2} G_x$  and  $\dot{L}_x = I^{-1/2} (\partial/\partial x) G_x$ , with the differentiation applied elementwise,  $\kappa_0$  represents

$$\kappa_0 = \int_{\mathfrak{X}} \frac{1}{(L_x' L_x)} ((L_x' L_x)(\dot{L}_x' \dot{L}_x) - (L_x' \dot{L}_x)^2)^{1/2} dx.$$

It is not difficult to derive a closed-form expression for  $\dot{L}_x$  but it gets rather messy. So we avoid presenting it here and will compute it numerically. The motivation for this approximation comes from the methodology used to construct a simultaneous confidence band for the mean function in nonparametric regression (see Loader, 1999, sec. 9.2). One can adapt this methodology by taking the regression function as  $\log q(x) \approx G_x' \psi$  and the fitted regression function as  $\log \hat{q}(x) \approx G_x' \hat{\psi} = L_x' I^{1/2} \hat{\psi}$ , where  $I^{1/2} \hat{\psi}$  serves as the response vector. A more direct asymptotic justification for the approximation appears in the Appendix. In the



RHS of (9), using  $Pr(t_\nu \leq c_2)$  and  $(1 + c_2^2/\nu)^{-\nu/2}$  in place of their respective limits  $\Phi(c_2)$  and  $\exp(-c_2^2/2)$ , where  $\Phi(\cdot)$  is the cumulative distribution function of a  $N(0, 1)$  distribution, leads to a better approximation for  $c_2$  in finite samples.

Both the bootstrap and the analytical approximations described above are asymptotic in nature. So in the next section we evaluate their small-sample performance by estimating the coverage probabilities of the resulting simultaneous UCB's,  $U(x, c_1)$  and  $U(x, c_2)$ , through Monte Carlo simulation.

### 3 Monte Carlo Simulation Studies

We focus on the model (2) with  $f(x, \beta) = \beta_0 + \beta_1 x$  and  $g(x, \beta, \theta) = x^{2\theta}$ ,  $x > 0$ , for this investigation. This model for  $g$  is equivalent to modelling  $\log \sigma(x)$  as a linear function of  $\log x$ . We will perform the simulation under three cases of this model:

1.  $f(x, \beta) = \beta_0 + \beta_1 x$ ,  $g(x, \beta, \theta) = x^{2\theta}$ ; so that  $\psi = (\beta_0, \beta_1, \theta, \sigma_e^2)$ .
2.  $f(x, \beta) = \beta_0 + \beta_1 x$ ,  $g(x, \beta, \theta) \equiv 1$  (homoscedastic model); so that  $\psi = (\beta_0, \beta_1, \sigma_e^2)$ .
3.  $f(x, \beta) \equiv \beta_0$ ,  $g(x, \beta, \theta) = x^{2\theta}$ ; so that  $\psi = (\beta_0, \theta, \sigma_e^2)$ .

The fourth possibility when  $f(x, \beta) \equiv \beta_0$ ,  $g(x, \beta, \theta) \equiv 1$  is not considered here as it refers to the standard case of independently and identically distributed differences that Lin (2000), and Choudhary and Nagaraja (2004b) discussed. For the simulation, we choose  $\mathfrak{X} = (0, 1)$ ;  $p_0 \in \{0.80, 0.90\}$ ;  $\alpha = 5\%$ ;  $B = 2000$ ; and the parameter values  $\beta_0 = 0$ ,  $\beta_1 \in \{0.5, 1, 2\}$ ,  $\theta \in \{0.5, 1\}$  and  $\sigma_e^2 = 1$ . These settings cover a wide range of possibilities encountered in applications. Finally we take  $t$ , the number of grid points in  $\mathfrak{X}$ , equal to  $n$ . The motivation

for this choice comes from our empirical finding that taking  $t$  to be substantially smaller than  $n$  leads to a somewhat conservative UCB.

To estimate the simultaneous coverage probability of the UCB  $U(x, c_1)$  for a given combination of  $p_0$  and  $\psi$ , we simulate independent realizations  $Y_1, \dots, Y_n$  from the model (2) on a grid of  $n$  equally-spaced  $x$ -values in the range  $[0.1, 0.99]$ . Next, we use the data  $\{x_1, Y_1\}, \dots, \{x_n, Y_n\}$  to estimate  $\psi$ , compute the critical point  $c_1$ , and the UCB  $U(x, c_1)$  as described in the previous section. This process is repeated 5000 times and the proportion of times  $\{q(x_i) \leq U(x_i, c_1) \text{ for all } i = 1, \dots, n\}$  is computed, which serves as the estimated simultaneous coverage probability of  $U(x, c_1)$ . Throughout we use the grid  $(x_1^*, \dots, x_t^*) = (x_1, \dots, x_n)$  to generate bootstrap resamples. We proceed analogously to estimate the simultaneous coverage probability of  $U(x, c_2)$ . The computations were performed with sample size  $n = 30$  for  $U(x, c_1)$  and with  $n = 30, 100$  for  $U(x, c_2)$  using FORTRAN 95 and R (R development core team, 2004). Table 1 presents the resulting estimates.

Table 1 about here.

The bootstrap approximation  $c_1$  is remarkably accurate for  $n = 30$  as the estimated coverage probabilities are quite close to the target nominal level 95%. In addition, the probabilities in this case do not seem to depend on the model used,  $p_0$  or the true parameter configuration. On the other hand, the approximation  $c_2$  is not good for  $n = 30$ . It is a liberal approximation (i.e.,  $U(x, c_2)$  is smaller than what it should be) with probabilities about 3–4% lower than the target. The situation appears worse for  $p_0 = 0.90$  than  $p_0 = 0.80$ , and for  $\theta = 1.0$  than  $\theta = 0.5$ . However, the approximation improves greatly for  $n = 100$ . The probabilities are now only about 0.5 – 1% lower. Similar conclusions hold when  $p_0 = 0.95$  (results not shown). We also investigate the bootstrap approximation for  $n = 60$  with

$t \in \{30, 60\}$  and  $n = 100$  with  $t \in \{30, 50, 100\}$ . When  $t = n$ , our conclusions remain analogous to the  $n = 30$  case; but when  $t < n$ , the coverage probabilities are about 0.5 – 2% higher than those for  $t = n$ . Large differences of  $n$  and  $t$  ( $t < n$ ) produce more conservative results. So, to avoid this situation, taking  $t = n$  seems more appropriate than  $t < n$ , at least when  $30 \leq n \leq 100$ . However, if the conservativeness of the UCB is not a major concern, one may take  $t = 30$  to reduce the computational effort. Overall for  $0.80 \leq p_0 \leq 0.95$ ,  $c_1$  is recommended when  $n \geq 30$ , and  $c_2$  when  $n \geq 100$ . Notice also that  $c_1$  is more numerically intensive to compute than  $c_2$ , particularly for large  $n$ .

On further investigation, we discover that  $N(0, 1)$  approximation for  $Z_n(x)$  is not good for most of  $x \in \mathfrak{X}$  when  $n$  is not very large. In particular,  $E[Z_n(x)] < 0$  and  $\text{var}[Z_n(x)] > 1$ , i.e., both  $\log \hat{q}(x)$  and  $G'_x I^{-1/2} G_x$  tend to underestimate their respective parameters. Consequently  $c_2$  ( $< 0$ ), whose theory assumes asymptotic  $N(0, 1)$  for  $Z_n(x)$  for all  $x \in \mathfrak{X}$ , gets overestimated. However, the bootstrap resampling corrects this problem for  $c_1$ .

## 4 Application to Cyclosporin data of Hawkins (2002)

Cyclosporin is an immunosuppressant drug widely used to prevent rejection of transplanted organs. This dataset consists of Cyclosporin measurements obtained by assaying an aliquot each of the 56 blood samples from organ transplant recipients using two methods: the High Performance Liquid Chromatography (HPLC) method, which is the standard approved method, and an alternative Radio-immunoassay (RIA) method. The question of interest here is whether one can substitute HPLC assays with RIA assays, i.e., use the RIA assays as if they were HPLC assays. The scatter plot of these data given in Figure 2a may suggest a reasonable agreement between the methods. We will ignore the observation in the top right

corner of this plot and restrict all the subsequent analysis to the measurement range 35–700 with  $n = 55$  pairs of measurements.

Figure 2 about here.

Our first task is to obtain models for the mean function ( $f$ ) and the variance function ( $g$ ) in (2). The plot of difference ( $Y$ ) against the average ( $X$ ) of the measurements (popularly known as the Bland-Altman plot after Bland and Altman, 1986) in Figure 2b indicates that  $f(x, \beta) \equiv \beta_0$  may be appropriate. The exploratory analysis on the lines of Carroll and Ruppert (1988, sec. 2.7) suggests modelling the logarithm of variance of  $Y$  as a linear function of  $\log x$ , so that  $g(x, \beta, \theta) = x^{2\theta}$ ,  $x > 0$ . Fitting the model (2) with these ( $f, g$ ) produces the MLE of  $\psi = (\beta_0, \theta, \sigma_e^2)$  and its estimated asymptotic covariance matrix as

$$\hat{\psi} = \begin{pmatrix} -5.509 \\ 0.802 \\ 0.376 \end{pmatrix}, \quad I^{-1} = \begin{pmatrix} 22.684 & -0.103 & 0.415 \\ & 0.042 & -0.169 \\ & & 0.682 \end{pmatrix}.$$

Further, since the plot of residuals,  $r_i = (Y_i - \hat{\beta}_0)/(\hat{\sigma}_e x_i^{\hat{\theta}})$ , against  $x_i$  in Figure 2c does not show any clear pattern (tests for zero Pearson and Spearman correlations of  $(x_i, |r_i|)$  have  $p$ -values greater than 0.68), and the Shapiro-Wilk test of normality has a  $p$ -value of 0.18, it appears that the above model fits reasonably well. An approximate 95% Wald-type confidence interval for  $\theta$ ,  $[0.802 \pm 1.96(0.042)^{1/2}] = [0.40, 1.20]$ , does not cover zero, thus supporting the need for a heteroscedastic model.

Next we take  $\mathfrak{X} = [\min_i x_i = 36.5, \max_i x_i = 595]$  and obtain 95% simultaneous tolerance band with probability content  $p_0 = 0.80$ . The approximate critical points are computed as  $c_1 = -2.469$  (with  $B = 2000$ ) and  $c_2 = -2.264$ . From Section 3, we expect  $c_2$  to be a

little larger than the more accurate  $c_1$  since the sample size ( $n = 55$ ) here is not very large. Figure 2d presents the simultaneous tolerance band  $[-U(x, -2.469), U(x, -2.469)]$ , where  $U(x, c)$  is computed using (7), along with the band that assumes identical distribution for the differences. Taking heteroscedasticity into account produces a shorter band for low values of Cyclosporin, whereas the converse is true for its high values.

Using this band to judge whether the RIA assays could be substituted for HPLC assays is a matter of subjective judgment for the clinical expert. But since the absolute differences could be as large as 235 when the magnitude of measurements is about 600, it is unlikely that the agreement over the entire measurement range will be considered satisfactory. It may be satisfactory only for low values of Cyclosporin.

## 5 Extension to penalized splines regression

### 5.1 Methodology

In some situations, the mean function of differences has non-linear features that are difficult to model parametrically (e.g., a low degree polynomial does not provide a good fit for the Oestradiol data). A popular and relatively straightforward approach to handle this situation is the methodology of penalized splines regression. See ch. 3-6 of Ruppert, Wand and Carroll (2003), hereafter termed as RWC, for an excellent introduction to this topic.

For simplicity, we assume that the mean function  $f$  in (2) can be modelled as

$$f(x, \beta, u) = \beta_0 + \beta_1 x + \beta_2 x^2 + \sum_{j=1}^m u_j (x - k_j)_+^2, \quad (10)$$

where  $\beta$  is the  $3 \times 1$  vector  $(\beta_0, \beta_1, \beta_2)$  and  $u$  is the  $m \times 1$  vector  $(u_1, \dots, u_m)$ . Here  $f$  represents a quadratic spline with *knots* at  $k_1, \dots, k_m$ ;  $u_1, \dots, u_m$  are the respective coefficients of the

truncated quadratic basis functions  $(x - k_1)_+^2, \dots, (x - k_m)_+^2$ ; and  $x_+ = \max\{0, x\}$ . The use of quadratic basis functions ensures that  $f$  does not have any sharp corners and has continuous first derivative. This property is important for reliable numerical computations involved in the construction of a simultaneous UCB. The model (10) is quite flexible in practice, but in principle, a spline function of any degree ( $\geq 2$ ) may be used to represent  $f$ . The number and location of the knots  $k_j$ 's can be chosen using the guidelines in ch. 5 of RWC. Also, an appropriate transformation of  $x$  may be used in (10) in place of  $x$  as the covariate.

Thus in this section, the model for the data  $\{x_1, Y(x_1)\}, \dots, \{x_n, Y(x_n)\}$  is (2) with

$$\mu(x) = f(x, \beta, u), \quad \sigma^2(x) = \sigma_e^2 g(x, \beta, \theta). \quad (11)$$

Substituting these expressions in (3) gives the target percentile function  $q(x)$ . We use the mixed model representation of the spline  $f$  and fit the model (2) using maximum likelihood. This approach is equivalent to fitting  $f$  using a penalized criterion (see ch. 3-5 of RWC). The mixed model representation assumes, in addition to the assumptions in (2), that  $u_1, \dots, u_m$  are distributed as independent  $N(0, \sigma_u^2)$  random variables, and are mutually independent of the errors  $\epsilon_1, \dots, \epsilon_n$ . Thus in this case, the target mean function  $f$  is actually an unobservable random variable. This contrasts with the methodology of previous sections where the target  $f$  was fixed. However, when  $\sigma_u^2 = 0$ , the randomness in  $f$  disappears, and the methodology of previous sections applies. When  $f$  is random, the percentile function  $q(x)$  is also random.

Due to the randomness of  $u$ , marginally,  $Y(x_1), \dots, Y(x_n)$  are correlated random variables with  $E[Y(x)] = \beta_0 + \beta_1 x + \beta_2 x^2$ ,  $var[Y(x)] = \sigma_u^2 \sum_{j=1}^m (x - k_j)_+^4 + \sigma_e^2 g(x, \beta, \theta)$ , and  $cov[Y(x), Y(v)] = \sigma_u^2 \sum_{j=1}^m (x - k_j)_+^2 (v - k_j)_+^2$  for  $x \neq v$ . To fit the model, we take the parameter vector as  $\psi = (\beta, \theta, \log \sigma_u, \log \sigma_e)$  and maximize the marginal likelihood of  $Y(x_1), \dots, Y(x_n)$  with respect to  $\psi$  to obtain the MLE  $\hat{\psi}$ . We use  $(\log \sigma_u, \log \sigma_e)$  in place

of  $(\sigma_u, \sigma_e)$  to get an unconstrained parametrization that leads to more stable and accurate estimates. See Pinheiro and Bates (2000, ch. 2, 5) for clever computational strategies to evaluate and maximize the likelihood function associated with a mixed model. Once the model is fitted,  $\mu(x)$  and  $\sigma^2(x)$  of (11) are estimated as

$$\hat{\mu}(x) = f(x, \hat{\beta}, \hat{u}), \quad \hat{\sigma}^2(x) = \hat{\sigma}_e^2 g(x, \hat{\beta}, \hat{\theta}), \quad (12)$$

and  $\hat{q}(x)$  is obtained via (4) using these expressions for  $\hat{\mu}(x)$  and  $\hat{\sigma}^2(x)$ . Here  $\hat{u} = (\hat{u}_1, \dots, \hat{u}_m)$  is the *estimated best linear unbiased predictor* (EBLUP) of  $u$ , given as (see RWC, sec. 4.6),

$$\hat{u} = \hat{\sigma}_u^2 K' [\hat{\sigma}_u^2 K K' + \hat{\sigma}_e^2 \text{diag}(g(x_1, \hat{\beta}, \hat{\theta}), \dots, g(x_n, \hat{\beta}, \hat{\theta}))]^{-1} e,$$

where  $K$  is the  $n \times m$  design matrix corresponding to the random effect  $u$  whose  $(i, j)$ -th element is  $(x_i - k_j)_+^2$ , and  $e$  is the  $n \times 1$  vector with  $i$ -th element  $y_i - \hat{\beta}_0 - \hat{\beta}_1 x_i - \hat{\beta}_2 x_i^2$ .

Let  $\xi$  denote the stacked column vector  $(\beta, u, \theta, \log \sigma_e)$  and  $\hat{\xi} = (\hat{\beta}, \hat{u}, \hat{\theta}, \log \hat{\sigma}_e)$  denote its estimate. To obtain the UCB for now random  $q(x)$  we must derive the asymptotic distribution of  $(\log \hat{q}(x) - \log q(x))$  since the expression given by (5) no longer holds. For a fixed  $x \in \mathfrak{X}$ , using Taylor series we can write,

$$\log \hat{q}(x) - \log q(x) \approx G'_x(\hat{\xi} - \xi), \quad \text{where } G_x = (\partial \log q(x) / \partial \xi)_{\xi = \hat{\xi}}.$$

The gradient  $G_x$  can be easily obtained on the lines of its expression in Appendix for the fixed  $f$  case. Assuming asymptotic  $N(0, V)$  distribution for  $(\hat{\xi} - \xi)$ , the delta method suggests

$$\log \hat{q}(x) - \log q(x) \approx N(0, G'_x V G_x). \quad (13)$$

For the variance approximation here to work well we must also have a small  $\sigma_u^2$  in addition to a large  $n$ . Loosely speaking, this ensures that  $u$  behaves like a fixed parameter, so that

when  $n$  is large,  $\hat{u}$  is close to  $u$ . This together with the consistency of MLE's implies that  $\hat{\xi}$  is close to  $\xi$ , and hence  $G'_x V G_x$  is close to the true asymptotic variance. Now, as in Section 2, we can use a curve of the form

$$U(x, c) = \exp \left\{ \log \hat{q}(x) - c (G'_x V G_x)^{1/2} \right\}, \quad x \in \mathfrak{X}, \quad (14)$$

as a simultaneous UCB for  $q(x)$ . Here the critical point  $c$  is such that (8) holds with  $Z_n(x) = (\log \hat{q}(x) - \log q(x)) / (G'_x V G_x)^{1/2}$ . It can be computed using either the bootstrap approximation  $c_1$  of Section 2.1 or the analytical approximation  $c_2$  of Section 2.2.

We next describe two approximations for  $V$ , the asymptotic covariance matrix of  $(\hat{\xi} - \xi)$ , since its direct estimation is largely intractable (see RWC, p. 102). The first is a parametric bootstrap approximation, say  $V_1$ , obtained in the following manner:

1. Generate independent  $u_1^*, \dots, u_m^*$  from  $N(0, \hat{\sigma}_u^2)$  and define  $\xi^* = (\hat{\beta}, u^*, \hat{\theta}, \log \hat{\sigma}_e)$ . Here  $u^* = (u_1^*, \dots, u_m^*)$ , and  $\hat{\psi} = (\hat{\beta}, \hat{\theta}, \log \hat{\sigma}_u, \log \hat{\sigma}_e)$  is the MLE of  $\psi$ .
2. Generate  $Y_i^*(x_i)$  independently from  $N(f(x_i, \hat{\beta}, u^*), \hat{\sigma}_e^2 g(x_i, \hat{\beta}, \hat{\theta}))$ ,  $i = 1, \dots, n$ . The  $\{x_i, Y^*(x_i)\}$  pairs represent a parametric resample of the original sample.
3. Use this resample to obtain the MLE of  $\psi$ , say  $\hat{\psi}^*$ , EBLUP of  $u^*$ , say  $\hat{u}^*$ , set  $\hat{\xi}^* = (\hat{\beta}^*, \hat{u}^*, \hat{\theta}^*, \log \hat{\sigma}_e^*)$  and compute  $(\hat{\xi}^* - \xi^*)$ .
4. Repeat steps 1-3 a large number of times, say  $B = 500$ , to obtain  $B$  realizations of  $(\hat{\xi}^* - \xi^*)$ , and use their sample covariance matrix as  $V_1$ .



The second is an ad hoc approximation, say  $V_2$ , obtained as

$$V_2 = \begin{pmatrix} \widehat{\text{var}}(\hat{\beta}) & \widehat{\text{cov}}(\hat{\beta}, \hat{u} - u) & \widehat{\text{cov}}(\hat{\beta}, \hat{\theta}) & \widehat{\text{cov}}(\hat{\beta}, \log \hat{\sigma}_e) \\ & \widehat{\text{var}}(\hat{u} - u) & 0 & 0 \\ & & \widehat{\text{var}}(\hat{\theta}) & \widehat{\text{cov}}(\hat{\theta}, \log \hat{\sigma}_e) \\ & & & \widehat{\text{var}}(\log \hat{\sigma}_e) \end{pmatrix},$$

where we use the expression given on p. 103 of RWC for

$$\begin{pmatrix} \widehat{\text{var}}(\hat{\beta}) & \widehat{\text{cov}}(\hat{\beta}, \hat{u} - u) \\ & \widehat{\text{var}}(\hat{u} - u) \end{pmatrix} = \hat{\sigma}_e^2 (D'D + (\hat{\sigma}_e^2/\hat{\sigma}_u^2) \text{diag}(0, 0, 0, 1, \dots, 1))^{-1},$$

with  $D$  denoting the  $n \times (m + 3)$  matrix obtained by columnwise combining the  $n \times 3$  design matrix for the fixed effect  $\beta$  and the  $n \times m$  design matrix for the random effect  $u$ , and pre-multiplying the resulting matrix with an  $n \times n$  diagonal matrix with diagonal elements  $[g(x_i, \hat{\beta}, \hat{\theta})]^{-1/2}$ ,  $i = 1, \dots, n$ . The remaining covariance matrices in  $V_2$  are the appropriate submatrices of the inverse of the observed Fisher information matrix for  $\psi$ . The approximation  $V_1$  is better for  $V$  than  $V_2$  because  $V_2$  ignores the potential correlation between the elements of  $(\hat{u} - u)$  and  $(\hat{\theta}, \log \hat{\sigma}_e)$ . This may make  $V_2$  inconsistent for estimating  $V$ . But,  $V_1$  is more computationally demanding than  $V_2$ , and as we discuss below,  $V_2$  is indeed useful, particularly since our ultimate goal is to construct a simultaneous UCB for  $q(x)$ .

We next use simulation to evaluate the UCB for  $q(x)$ , given by (14), computed in two ways. The first is the  $(V_1, c_2)$  method where  $V$  is approximated as  $V_1$  with 500 bootstrap resamples and the critical point  $c$  is approximated as  $c_2$  of Section 2.2. The second is the  $(V_2, c_1)$  method where  $V$  is approximated as  $V_2$  and  $c$  is approximated as  $c_1$  of Section 2.1 with 2000 bootstrap resamples. We do not pursue  $(V_1, c_1)$  and  $(V_2, c_2)$  methods as the former is too computationally demanding to be useful in applications, and the latter does not work well. However, we must add that  $(V_1, c_1)$  is potentially the best among the four methods.

For the simulation study, we focus on the homoscedastic model, i.e., model (2) with  $\sigma^2(x) \equiv \sigma_e^2$ , and consider only  $p_0 = 0.80$  to keep the computations manageable. We also take  $\mathfrak{X} = (0, 1)$ ,  $\alpha = 5\%$  and  $n = 100$ . Smaller sample sizes are not considered as the spline regression is typically used for large sample sizes. The number of knots ( $m = 25$ ) and their locations are chosen using the default method of RWC on p. 126. The parameter values are taken as  $\beta_0 = 0$ ,  $\beta_1 \in \{-1, 1\}$ ,  $\beta_2 \in \{-1, 1\}$ ,  $\sigma_u \in \{0.5, 1, 2, 4\}$  and  $\sigma_e = 1$ . The parameter  $\sigma_u$  here actually represents  $(\sigma_u/\sigma_e)$  since there is no loss of generality in taking  $\sigma_e = 1$ . We proceed as in Section 3 to estimate the simultaneous coverage probabilities of the two UCB's. The computations were performed in R Version 1.9.0. Table 2 summarizes the results.

Table 2 about here.

We see that  $(V_2, c_1)$  outperforms  $(V_1, c_2)$  in all the cases. The estimated coverage probabilities for  $(V_2, c_1)$  are close to 95% when  $(\sigma_u/\sigma_e) \leq 2$ , but when  $(\sigma_u/\sigma_e) \geq 4$ , the method is liberal. The  $(V_1, c_2)$  method is liberal throughout. The performance of both methods appears consistent across  $\beta$  values, but worsens as  $(\sigma_u/\sigma_e)$  increases. The latter is expected as the variance approximation in (13) holds only for small  $\sigma_u$ . Further investigation shows that the normality in (13) is fine throughout, but the variance underestimation becomes more severe as  $(\sigma_u/\sigma_e)$  increases. These general conclusions also hold for  $n = 200$  (results not shown), but both methods become somewhat more liberal here than the  $n = 100$  case, particularly for  $(\sigma_u/\sigma_e) = 4$ . This behavior may be because the effect of  $\sigma_u$  not being small becomes more prominent as  $n$  increases. Also, taking  $t$ , the number of grid points in  $\mathfrak{X}$  for computing  $c_1$ , equal to 100 seems adequate for  $n \geq 100$ .

The estimates of  $var[\log \hat{q}(x) - \log q(x)]$  from  $V_2$  tend to smaller than those from  $V_1$ . However, the  $(V_2, c_1)$  method corrects for this underestimation by producing a smaller (negative)

critical point than the  $(V_1, c_2)$  method. So, in general, the net effect is that the UCB curve for the former lies above the latter and is more accurate. Due to this property, we prefer  $(V_2, c_1)$  over  $(V_1, c_2)$ . Finally, we note that most of the real data applications of penalized spline regression in RWC appear to have estimates of  $(\sigma_u/\sigma_e)$  that are less than 4. Even for the Oestradiol data this estimate is 2.60 (see below). This indicates that perhaps the liberal behavior of  $(V_2, c_1)$  for  $(\sigma_u/\sigma_e) \geq 4$  may not be a major concern in practice.

## 5.2 Application to Oestradiol data of Hawkins (2002)

We now return to the Oestradiol data introduced in Section 1. After a preliminary analysis similar to the Cyclosporin data, we decide to model the differences as (2) with

$$f(x, \beta, u) = \beta_0 + \beta_1 \log x + \beta_2 (\log x)^2 + \sum_{j=1}^m u_j (\log x - k_j)_+^2, \quad g(x, \theta) = x^{2\theta}; \quad x \in \mathfrak{X},$$

where  $\mathfrak{X} = [\min_i x_i = 2, \max_i x_i = 12201]$ . We use the suggestion on p. 126 of RWC to take  $m = 34$  knots and their locations as  $k_j = ((j + 1)/36)$ -th sample percentile of unique values in  $\{\log x_1, \dots, \log x_n\}$  for  $j = 1, \dots, m$ . Fitting this model using R gives the MLE of  $\psi = (\beta_0, \beta_1, \beta_2, \theta, \log \sigma_u, \log \sigma_e)$  as  $\hat{\psi} = (7.839, -19.632, 5.496, 0.614, 1.956, 1.001)$ . An application of (12) produces  $\hat{\mu}(x)$  and  $\hat{\sigma}(x)$  whose graphs are given in Figure 1b. The plot of residuals,  $r_i = (y_i - \hat{\mu}(x_i))/\hat{\sigma}(x_i)$ , in Figure 1c suggests that this model fits well. The normality assumption for the errors also seems reasonable.

Next, we take  $(p_0, 1 - \alpha) = (0.80, 0.95)$ , and apply the methodology of previous section to get the simultaneous UCB for  $q(x)$ . The graphs of the resulting tolerance bands from  $(V_1, c_2)$  and  $(V_2, c_1)$  methods are presented in Figure 1d. We used  $t = 100$  for computing  $c_1$ . The critical points from these methods are  $-2.623$  and  $-3.508$ , respectively, and the estimates of  $\text{var}[\log \hat{q}(x) - \log q(x)]$  from the latter are smaller than those from the former for most of

$x \in \mathfrak{X}$ . The two tolerance bands are quite close, but as expected from the simulation study, the  $(V_2, c_1)$  band is a little wider than the  $(V_1, c_2)$  band, and is probably more accurate.

As in the Cyclosporin example, using this tolerance band to assess agreement between the two Oestradiol assays is a matter of subjective judgment. But perhaps the agreement here may be inferred as satisfactory over the entire range of measurement since at the widest point of this band, the absolute difference is about 1800, which is only 15% of the average measurement  $x = 12200$  at that point.

## 6 Discussion

In this article, we considered the problem of assessment of agreement between two methods of measurement. We described the methodology of constructing a probability content tolerance band for the distribution of difference of measurements when the mean or the variance of this distribution are modelled as functions of the observed average of the measurements. This modelling approach provides an alternative to the approach that transforms the measurements to achieve identical distribution for the differences on the transformed scale. The log transformation has been shown to work well in some applications (see Bland and Altman, 1999 and Hawkins, 2002 for examples). But perhaps only this transformation produces a difference on the transformed scale that has an easy interpretation (as log-ratios) on the original scale. For the Oestradiol data, Hawkins (2002) uses an ad hoc method to come up with a transformation which, he notes, does not have any easy real-world interpretation. Since in the measuring agreement applications there is a clear need to interpret the differences on the original scale, directly modelling the mean and variance functions of the original scale differences provides a more natural approach.

The application of the methodology proposed here involves numerical computations that can be easily implemented in the popular statistical software R. In fact, for the analysis of both the datasets, we used R version 1.9.0 installed on a Dell laptop with a 1.8 GHz Pentium 4 processor, 512 MB of RAM and Windows XP operating system. For the Cyclosporin data, the CPU times for computing the tolerance bands were about 8 minutes for  $c_1$  and less than 1 minute for  $c_2$ . For the Oestradiol data, these times were about 12 minutes for the  $(V_1, c_2)$  method and about 35 minutes for the  $(V_2, c_1)$  method.

The inference procedure described here inherits the non-robustness properties of the MLE's. To make it more robust one can use the  $M$ -estimators in place of the MLE's, and adapt the methodology using the asymptotic theory of  $M$ -estimators described in Carroll and Ruppert (1988, ch. 7).

## Appendix

*Expression for the gradient  $G_x$  in (5):* First note that for a fixed  $x$ ,  $q(x)$  defined by (3) can also be viewed as the solution of

$$\Phi\{(q - \mu(x))/\sigma(x)\} - \Phi\{(-q - \mu(x))/\sigma(x)\} = p_0$$

with respect to  $q$ , where  $\Phi(\cdot)$  is the cumulative distribution function of a  $N(0, 1)$  distribution.

Next using implicit differentiation, letting  $\phi(\cdot)$  denote the density of  $\Phi(\cdot)$ , and taking

$$z_u = (q(x) - \mu(x))/\sigma(x), \quad z_l = (-q(x) - \mu(x))/\sigma(x), \quad d = \phi(z_u) + \phi(z_l),$$

$$\dot{f}_\beta = \partial f(x, \beta)/\partial \beta, \quad \dot{g}_\beta = \partial g(x, \beta, \theta)/\partial \beta, \quad \dot{g}_\theta = \partial g(x, \beta, \theta)/\partial \theta;$$

it is straightforward to verify that

$$\begin{aligned} dq \frac{\partial \log q}{\partial \beta} &= (\phi(z_u) - \phi(z_l)) \dot{f}_\beta + \frac{\sigma_e}{2g^{1/2}} (z_u \phi(z_u) - z_l \phi(z_l)) \dot{g}_\beta, \\ dq \frac{\partial \log q}{\partial \theta} &= \frac{\sigma_e}{2g^{1/2}} (z_u \phi(z_u) - z_l \phi(z_l)) \dot{g}_\theta, \\ dq \frac{\partial \log q}{\partial \sigma_e^2} &= \frac{1}{2\sigma_e} (z_u \phi(z_u) - z_l \phi(z_l)) g^{1/2}. \end{aligned}$$

Now the gradient  $G_x = (\partial \log q(x) / \partial \psi)_{\psi=\hat{\psi}}$  can be obtained from the above expressions by evaluating them at  $\psi \equiv (\beta, \theta, \sigma_e^2) = \hat{\psi} \equiv (\hat{\beta}, \hat{\theta}, \hat{\sigma}_e^2)$ .

*Sketch of the approximation  $c_2$  in (9):* For a mean zero Gaussian process  $Z(x)$  on  $\mathfrak{X}$  with covariance function  $r(x, v)$ , it is known that (see e.g., Sun, 2001, sec. 2.2 or Loader, 1999, sec. 9.2 and the references therein),

$$Pr \left( \sup_{x \in \mathfrak{X}} Z(x) \geq -c_2 \right) \approx \Phi(c_2) + \frac{\kappa_0}{2\pi} \exp(-z^2/2); \quad \kappa_0 = \int_{\mathfrak{X}} \left\{ \frac{\partial^2 r(x, v)}{\partial x \partial v} \Big|_{v=x} \right\}^{1/2} dx. \quad (15)$$

In our case,  $Z_n(x)$  defined by (6) converges in distribution to  $Z(x)$  with

$$r(x, v) \approx (L'_x L_v) / ((L'_x L_x)(L'_v L_v))^{1/2}, \quad \text{for large } n.$$

With this  $r$ , it is easy to verify that  $\kappa_0$  in (15) and (9) are the same. The approximation  $c_2$  in (9) now follows by noting that  $\sup_{x \in \mathfrak{X}} Z(x)$  and  $-\inf_{x \in \mathfrak{X}} Z(x)$  have the same distribution, and the limit of the RHS of (9) equals the RHS of the first expression in (15).

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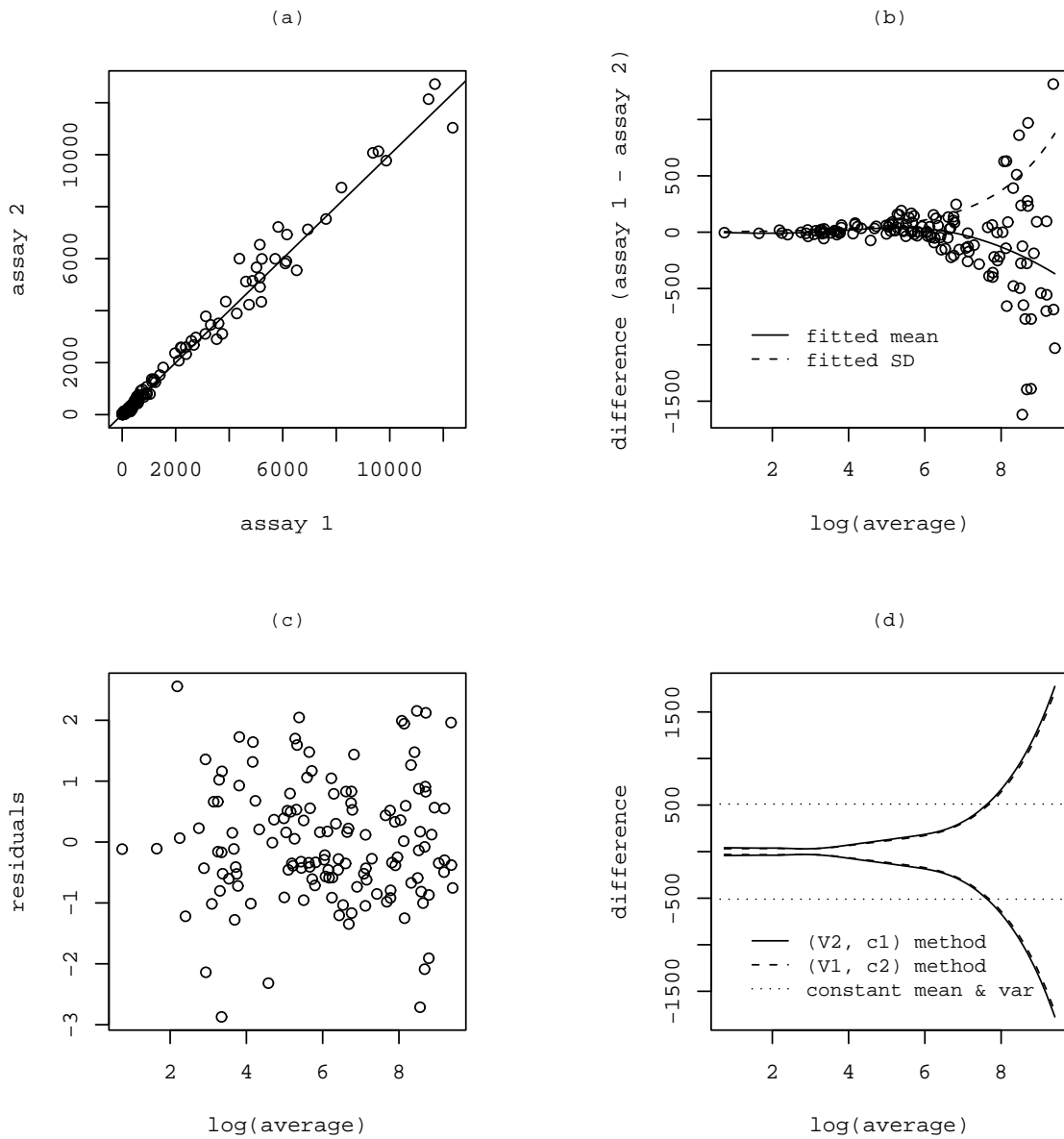


Figure 1: (a) Scatterplot of measurements from two assays for Oestradiol. The solid line represents a  $45^\circ$  line through the origin. (b) Scatterplot of differences and log-averages, superimposed with the fitted mean and standard deviation functions. (c) Residual plot for the fitted model. (d) Approximate 95% tolerance bands with probability content  $p_0 = 0.80$ . The  $(V_1, c_2)$  and  $(V_2, c_1)$  methods are described in Section 5.1.

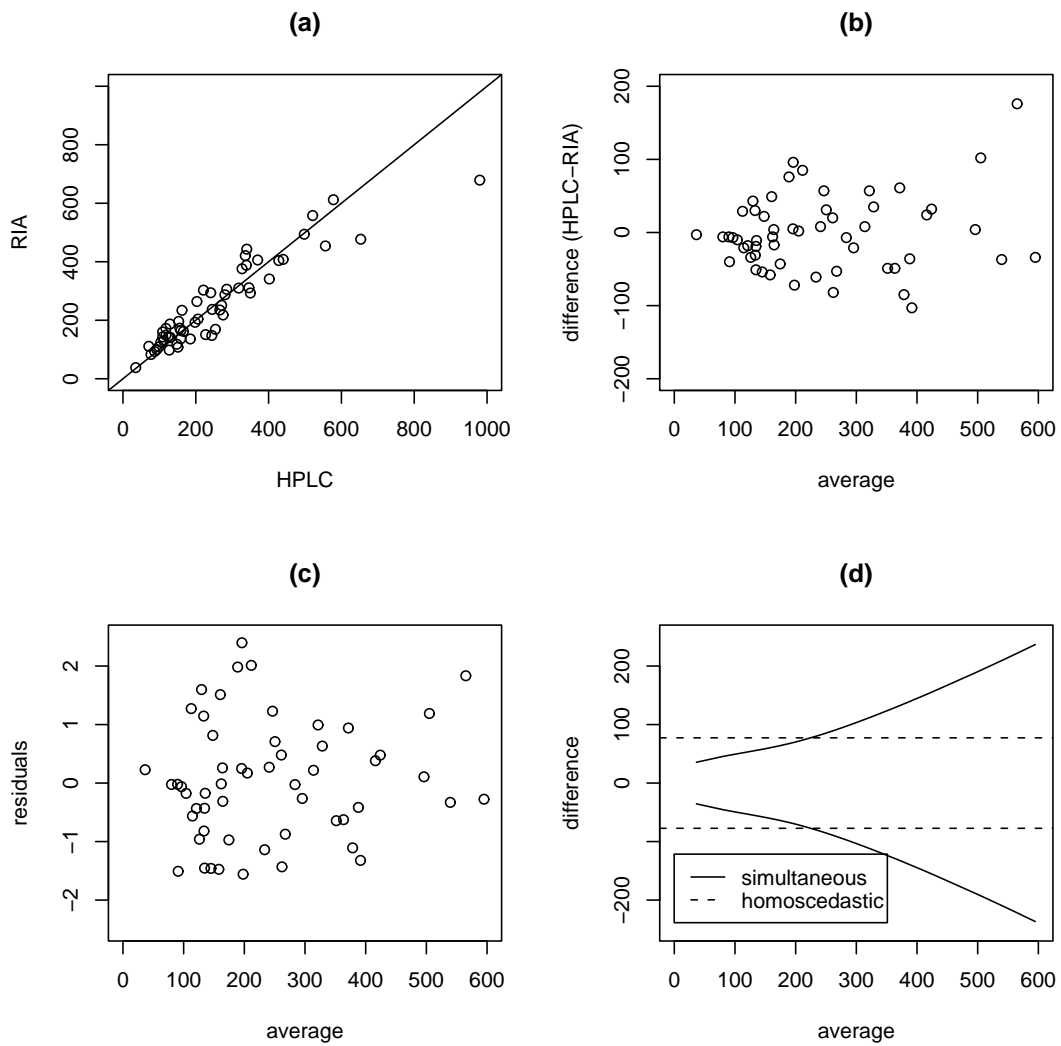


Figure 2: (a) Scatterplot of Cyclosporin measurements from HPLC and RIA assays. The solid line represents a  $45^\circ$  line through the origin. (b) Bland-Altman plot of difference of paired measurements against their averages. (c) Residual plot for the fitted model. (d) Approximate 95% tolerance bands with probability content  $p_0 = 0.80$ .

Case	$\psi$	$c_1 (n = 30)$		$c_2 (n = 30)$		$c_2 (n = 100)$	
		$p_0$		$p_0$		$p_0$	
		0.80	0.90	0.80	0.90	0.80	0.90
1	(0, 0.5, 0.5, 1.0)	95.5	95.7	91.2	90.7	94.4	94.1
	(0, 0.5, 1.0, 1.0)	95.9	96.2	91.6	90.5	94.7	94.5
	(0, 1.0, 0.5, 1.0)	95.5	95.6	92.0	90.6	94.4	94.2
	(0, 1.0, 1.0, 1.0)	95.8	95.6	91.9	89.7	94.9	94.4
	(0, 2.0, 0.5, 1.0)	95.4	95.4	91.9	89.7	94.5	93.7
	(0, 2.0, 1.0, 1.0)	95.5	95.9	90.0	87.7	94.3	93.7
2	(0, 0.5, 1.0)	95.7	95.6	93.3	93.3	93.5	93.6
	(0, 1.0, 1.0)	94.8	95.3	92.4	92.5	94.8	95.0
	(0, 2.0, 1.0)	95.8	95.6	94.3	93.5	95.2	95.0
3	(0, 0.5, 1.0)	95.4	95.2	91.3	91.0	93.5	93.5
	(0, 1.0, 1.0)	95.5	95.7	91.3	90.7	94.1	94.1

Table 1: Estimated coverage probabilities (%) of the 95% confidence level simultaneous UCB's  $U(x, c_1)$  and  $U(x, c_2)$  for  $q(x)$ . The parameter vector  $\psi$  refers to  $(\beta_0, \beta_1, \theta, \sigma_e^2)$  in case 1,  $(\beta_0, \beta_1, \sigma_e^2)$  in case 2, and  $(\beta_0, \theta, \sigma_e^2)$  in case 3. These estimates are based on 5000 replications and have a standard error of 0.3.

$(\beta_1, \beta_2)$	$(V_1, c_2)$				$(V_2, c_1)$			
	$(\sigma_u/\sigma_e)$				$(\sigma_u/\sigma_e)$			
	0.5	1.0	2.0	4.0	0.5	1.0	2.0	4.0
$(-1, -1)$	93.9	93.1	91.8	87.4	95.5	95.2	94.1	89.6
$(-1, 1)$	92.9	92.9	92.4	88.8	94.5	95.0	94.2	91.7
$(1, -1)$	92.6	92.9	91.7	88.8	95.2	94.2	94.9	91.2
$(1, 1)$	93.9	93.6	91.4	87.0	96.3	94.5	93.9	90.7

Table 2: Estimated coverage probabilities (%) of the 95% confidence level simultaneous UCB's for  $q(x)$  computed using  $(V_1, c_2)$  and  $(V_2, c_1)$  methods with  $(n, p_0) = (100, 0.80)$ . Throughout we have  $(\beta_0, \sigma_e) = (0, 1)$ . The estimates for  $(V_1, c_2)$  are based on 2000 replications and have a standard error of 0.5. The  $(V_2, c_1)$  estimates are based on 1000 replications have a standard error of 0.7.