

# **OR 664 / SYST 664 / CSI 674: Homework Assignment 1**

due January 30, 2023

Please make sure you mark clearly which question you are answering and that you explain how you arrived at your answer. Your response will be graded for correctness and clarity. Upload your responses to Gradescope.

1. Marjorie is worried about whether it is safe to visit a vulnerable relative during a pandemic. She is considering whether to take an at-home test for the virus before visiting her relative. Assume the test has sensitivity 85% and specificity 92%. That is, the probability that the test will be positive is about 85% if an individual is infected with the virus, and the probability that test will be negative is about 92% if an individual is not infected.
  - a. Assume that about 2 in every 1,000 persons in the population is currently infected. What is the posterior probability that an individual with a positive test has the disease?
  - b. Suppose case counts have decreased substantially to about 15 in 100,000. What is the posterior probability that an individual with a positive test has the disease?
  - c. Comment on your results.
2. Assume the following losses for Marjorie:

• Visit relative, not infected	loss = 0
• Visit relative, infected	loss = 100
• Do not visit relative, not infected	loss = 1
• Do not visit relative, infected	loss = 5

Suppose Marjorie is deciding whether to visit her relative and if so whether to test for the disease before visiting. If the prior probability that Marjorie has the disease is 200 in 100,000, find the policy that minimizes expected loss. That is, given each of the possible test results, should Marjorie visit her relative? Find the EVSI. Repeat for a prior probability of 15 in 100,000. Discuss.
3. For the decision of whether Marjorie should visit her relative, find the range of prior probabilities for which taking the at-home test results in lower expected loss than ignoring or not taking the test (assuming the test is free). Discuss your results.