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ABSTRACT

Individuals differ in how they respond to a particular treatment or exposure, and social scientists are often interested in understanding how treatment effects are moderated by observed characteristics of individuals. Effect moderation occurs when individual covariates dampen or amplify the effect of some exposure. This article focuses on estimating moderated causal effects in longitudinal settings where both the treatment and effect moderator vary over time. Effect moderation is typically examined using covariate by treatment interactions in regression analyses, but in the longitudinal setting, this approach is problematic because time-varying moderators of future treatment may be affected by prior treatment—that is, moderators may also be mediators—and conditioning on a mediator of prior treatment in a conventional regression model can lead to bias. This article introduces moderated intermediate causal effects and the structural nested mean model for analyzing effect heterogeneity in the longitudinal setting. It discusses problems with conventional regression and presents a new approach to estimation that avoids these problems (regression-with-residuals). The method is illustrated using longitudinal data from the PSID to examine whether the effects of time-varying exposures to poor neighborhoods on the risk of adolescent childbearing are moderated by time-varying family income.
INTRODUCTION

In the social sciences, researchers are often interested in understanding how the effects of a particular treatment, intervention, or exposure vary by characteristics of the individuals, families, or households exposed. For example, it is commonly hypothesized that the developmental impact of living in a poor neighborhood is more severe for children in low-income families than for children in high-income families (Jencks and Mayer 1990; Wilson 1987; Wilson 1996). The effects of marital dissolution on child outcomes are also thought to depend on the degree of parental conflict, where the impact of divorce may be less severe if a primary caregiver is leaving an abusive spousal relationship (Amato 2004; Wallerstein 1991). Finally, the effects of school, classroom, and teacher characteristics on student achievement are often assumed to be a function of student abilities, where future gains are built upon foundations laid down earlier (Heckman 2006; Sanders et al. 1997). In fact, treatment effect heterogeneity is endemic to nearly all social contexts (Xie 2007; Xie et al. 2012), and it has important implications for social theory, research, and policy (Brand and Xie 2010; Heckman et al. 2006; Manski 2007; Wodtke et al. 2012).

Another common feature of treatments and the individuals, families, and households exposed to them is that they often change over time. In the examples mentioned previously, people move and neighborhoods change, and family income fluctuates throughout the life course. Similarly, household conflict intensifies and subsides, and spouses maintain or dissolve marriages after varying lengths of time. With respect to school, classroom, and teacher effects, students advance through grades and schools at scheduled intervals, and their abilities evolve at different rates as they learn (Hong and Raudenbush 2008). Although these time-dependent phenomena are often shoehorned into simplified point-in-time research questions (e.g., Brooks-
Gunn et al. 1993; Parcel and Dufur 2001), the proliferation of rich longitudinal data in which treatments, covariates, and outcomes are measured at multiple time points provides a valuable opportunity for social scientists to examine questions that more accurately reflect the causal processes unfolding in the real world.

In particular, longitudinal data allow for an analysis of how the effects of time-varying treatments are moderated by an individual’s evolving covariate history. Analyzing moderated causal effects in the longitudinal setting can provide a more rigorous test of the social theories that motivate research on effect heterogeneity, illuminate the developmental and life-course processes through which social exposures incrementally affect individual behavior, and help to identify which individuals will be more sensitive or resilient to additional treatments on the basis of their evolving characteristics, outcomes, and needs.

To illustrate what is meant by effect moderation in the longitudinal setting, consider our motivating empirical example: neighborhood effects on teen childbearing. With measures of exposure to neighborhood poverty over different time intervals, of family income over different time intervals, and of our primary outcome—whether a subject has a child during adolescence—we can investigate the following types of questions: “what is the impact of living in a poor (versus non-poor) neighborhood during childhood and then a non-poor neighborhood during adolescence on the risk of subsequent childbearing among subjects in lower income families during childhood” and “what is the impact of living in a non-poor neighborhood during childhood and then a poor (versus non-poor) neighborhood during adolescence on the risk of subsequent childbearing among subjects in lower income families during adolescence?” These questions address the distal and proximal effects of exposures to neighborhood poverty conditional on the evolving economic position of the family.
Analyzing effect moderation in the longitudinal setting is difficult because time-varying moderators of future treatment may be affected by prior treatment. For example, if a family is exposed to a high-poverty neighborhood during a subject’s childhood, this may affect whether his or her family is poor in the future. Time-varying moderators affected by prior treatment present both conceptual and methodological challenges (Robins et al. 2007; Robins 1994; VanderWeele and Robins 2007a). At the conceptual level, seemingly reasonable questions, such as “what is the effect of living in a poor (versus non-poor) neighborhood throughout childhood and adolescence among subjects in lower income families throughout these periods,” do not translate into well-defined causal contrasts. Causal contrasts compare the same subjects in two counterfactual states, but this question compares different subjects because the children in families who would continue to have lower income had they continuously been exposed to poor neighborhoods and the children in families who would continue to have lower income had they been continuously exposed to non-poor neighborhoods are almost certainly not the same set of subjects. When prior treatments help to create the subgroup of interest in the future, crafting coherent estimands for moderated causal effects is a difficult conceptual challenge.

At the methodological level, time-varying moderators affected by prior treatment complicate conventional estimation strategies. With cross-sectional data, point-in-time treatments, and pre-treatment moderators, effect moderation is typically examined using covariate by treatment interactions in conventional regression analyses (Wooldridge 2010) or using propensity score stratification methods (Xie et al. 2012). However, with longitudinal data, time-varying treatments, and time-varying moderators, regression and propensity score stratification methods that naively condition on time-varying moderators affected by prior
treatment may yield biased estimates of moderated causal effects. In our motivating empirical example, family income varies over time, affects the risk of adolescent childbearing, and is likely affected by past neighborhood conditions. Methods that inappropriately condition on family income in order to estimate moderated neighborhood effects lead to over-control of intermediate pathways and may induce a spurious association between neighborhood poverty and unobserved determinants of childbearing risk. Even with a well-defined set of causal estimands that can be identified from observational or experimental data, conventional estimation strategies are biased because the moderator of interest is also a mediator of the treatment-outcome relationship.

To overcome these challenges, this article (1) introduces moderated intermediate causal effects and the structural nested mean model for analyzing effect heterogeneity in the longitudinal setting, (2) presents a simple regression-with-residuals estimation strategy that avoids the problems associated with conventional methods and can be implemented with off-the-shelf software, (3) describes several different ways that this estimation strategy can be extended to account for confounding, and (4) illustrates an application of these methods in the context of neighborhood-effects research. We begin with a brief review of effect moderation in the point-in-time setting. Next, we extend these ideas to a simplified longitudinal setting with only two time points, a binary treatment, and a single binary moderator. Then, we discuss extensions of these methods for more complex scenarios that involve confounding, multivalued treatments, and multivalued moderators. Finally, we demonstrate an application of these methods using longitudinal data from the Panel Study of Income Dynamics (PSID) to investigate whether the effects of childhood and adolescent exposures to neighborhood poverty on the risk of teen childbearing are moderated by time-varying family income.
EFFECT MODERATION IN THE POINT-IN-TIME SETTING

We define point-in-time settings as those in which the treatment and moderator are not time-varying. In these settings, a moderator is a pre-treatment variable which systematically modifies the form, direction, or strength of the effect of a treatment on a response variable of interest. Analyses of effect moderation typically compare some measure of the treatment-outcome association across levels of third variable. If the measure of association differs significantly across levels of this third variable, then it is said to moderate the effect of treatment on the outcome.

Effect moderation is metric dependent (Brumback and Berg 2008). Under the same data generating process, one measure of the treatment-outcome relationship may differ across levels of a moderator while another measure does not. The most common effect metric is the difference in outcomes linked to different treatments. We focus on the difference metric because it is the easiest to interpret and is widely considered to have the greatest relevance for public policy (Rothman et al. 1980; VanderWeele and Robins 2007b).

In this section, we formally define causal effect moderation in the point-in-time setting using the potential outcomes framework and briefly discuss several estimation strategies. Although the potential outcomes framework in the point-in-time setting is now well-understood and frequently used in the social sciences (Manski 2007; Morgan and Winship 2007), the review of these concepts and methods is intended to facilitate our exposition of effect moderation in the time-varying setting, which is considerably more complex.

The methods we cover in this section identify moderated causal effects under the assumptions of consistency and ignorability of treatment assignment, both of which we formally define below. Briefly, the ignorability assumption requires that there are not any unobserved
determinants of both treatment assignment and the outcome. If this assumption is violated in practice, then estimates based on the methods described in this section are biased. In other words, these methods assume “selection on observables” or “backdoor” identification (Morgan and Winship 2007; Pearl 2009).

**A Review of the Counterfactual Model**

Let $A_{it}$ indicate exposure to a dichotomous treatment for subject $i$ at time $t = 1$. That is, $A_{i1} = 1$ if subject $i$ is exposed to treatment at this single point in time, and $A_{i1} = 0$ if the subject is not exposed. In addition, let $Y_{i2}(a_1)$ be the outcome of interest at time $t = 2$ (a follow-up time period after exposure to treatment) for subject $i$ had she previously received the treatment $a_1$. The set $\{Y_{i2}(0), Y_{i2}(1)\}$ is known as the set of potential outcomes for subject $i$.

In the counterfactual framework, causal effects are defined as contrasts between potential outcomes. The *individual causal effect* for subject $i$ is given by

$$ICE_i = Y_{i2}(1) - Y_{i2}(0),$$

which is the difference between a subject’s outcome had she received treatment and the same subject’s outcome had she not received treatment. For each subject, we only ever observe the single potential outcome that corresponds to the treatment actually received, and the other potential outcomes are counterfactuals. Thus, individual causal effects can never be observed in reality. This is known as the fundamental problem of causal inference (Holland 1986; Rubin 1974). Under certain assumptions, such as the homogeneity of subjects or temporal invariance, the $ICE_i$ can be computed, but these assumptions are generally indefensible in the social sciences (Holland 1986). Instead, researchers typically focus on the *average causal effect*, which is given by

$$ACE = E(ICE_i) = E\left(Y_{i2}(1) - Y_{i2}(0)\right).$$

This quantity describes how treatment affects subjects in the population of interest on average. It can be estimated under weaker assumptions (discussed below) than those required to compute individual causal effects.

Based on this framework, moderated average causal effects can be defined as

$$\mu(M_{i1}, a_1) = E(Y_{i2}(a_1) - Y_{i2}(0)|M_{i1}) = a_1 \times E(Y_{i2}(1) - Y_{i2}(0)|M_{i1}),$$

where $M_{i1}$ is the moderator of interest. Formally, $M_{i1}$ is a moderator for the causal effect of treatment if $\mu(M_{i1}, a_1)$ is non-constant in $M_{i1}$—that is, if $M_{i1}$ helps to summarize variability in the individual causal effects across the population of interest. For notational simplicity, $M_{i1}$ shares the same time subscript as $a_1$, but this definition of effect moderation specifies that the moderator occurs before treatment, which in turn occurs before the outcome.\(^1\) This temporal ordering is reflected in the notation because $M_{i1}$ is not indexed by $a_1$ as a potential outcome of treatment. Thus, the complete set of all variables in temporal order is $\{M_{i1}, A_{i1}, Y_{i2}(a_1)\}$.

In addition, this definition of effect moderation neither requires nor prohibits that $M_{i1}$ has a causal effect on the outcome, but it does specify that any such effect is not the primary effect of interest in the current analysis. This is also reflected in the potential outcomes notation because $Y_{i2}$ is indexed by $a_1$ as a potential outcome but not by values of $M_{i1}$. The definition of the potential outcomes thus reflects researchers’ decisions about which putative causes of the outcome to investigate, among many possible candidates.

Moderated average causal effects can be linked to the conditional mean of the potential outcomes through the following additive decomposition:

$$E(Y_{i2}(a_1)|M_{i1}) = \beta_0 + \varepsilon(M_{i1}) + \mu(M_{i1}, a_1),$$

where $\beta_0 = E(Y_{i2}(0)|M_{i1} = 0)$, $\varepsilon(M_{i1}) = E(Y_{i2}(0)|M_{i1} = m_1) - E(Y_{i2}(0)|M_{i1} = 0)$, and $u(M_{i1}, a_1)$ is defined as above. The intercept, $\beta_0$, gives the mean outcome value had individuals
in the subgroup for which $M_{t1} = 0$ not received treatment; the function $\varepsilon(M_{t1})$ is the associational (i.e., causal or non-causal) effect of the moderator on the outcome had subjects not received treatment; and the function $\mu(M_{t1}, a_1)$ describes the moderated causal effects of treatment. Because our primary interest is in the causal function, $\mu(M_{t1}, a_1)$, the associational effect of the moderator, $\varepsilon(M_{t1})$, is called a nuisance function.

We consider linear parametric models for the causal and nuisance functions in Equation 4. Any parameterization of the causal function $\mu(M_{t1}, a_1)$ must satisfy the constraint that it equals zero when $a_1 = 0$. This constraint motivates the common use of interaction terms to model effect moderation. For example, when both treatment and the moderator are binary, a saturated model for $\mu(M_{t1}, a_1)$ is

$$\mu(M_{t1}, a_1; \beta) = a_1(\beta_1 + \beta_2 M_{t1}) = \beta_1 a_1 + \beta_2 M_{t1} a_1,$$

(5)

where $\beta_1$ is the average causal effect of treatment among subjects in group $M_{t1} = 0$ and $\beta_2$ increments this effect for subjects with $M_{t1} = 1$. If $\beta_2 = 0$, then $M_{t1}$ is not a moderator.

Any parameterization of the nuisance function, $\varepsilon(M_{t1})$, must satisfy the constraint that it equals zero when the moderator is equal to zero. A saturated model for $\varepsilon(M_{t1})$ with a binary moderator is

$$\varepsilon(M_{t1}; \lambda) = \lambda_1 M_{t1},$$

(6)

where $\lambda_1$ gives the associational effect of the moderator on the outcome. Combining the models for the causal and nuisance functions yields a saturated linear model for the conditional mean of $Y_{t2}(a_1)$ given $M_{t1}$:

$$E(Y_{t2}(a_1)|M_{t1}) = \beta_0 + \lambda_1 M_{t1} + a_1 (\beta_1 + \beta_2 M_{t1}),$$

(7)

which is the familiar linear model with an intercept term, “main effects” for treatment and the moderator, and a treatment by moderator interaction.
A Review of Estimation

In this section, we consider estimation of the unknown parameters \( (\beta_0, \gamma_1, \beta_1, \beta_2) \) using observed data \( (M_{i1}, A_{i1}, Y_{i2}) \). Here, \( M_{i1} \) is defined as before; \( A_{i1} \) is the random variable denoting the observed treatment for subject \( i \) at a single point in time; and \( Y_{i2} \) is the random variable denoting the observed outcome at a follow-up time period.

The moderated causal effects defined previously can be identified from observed data under the assumption that the observed outcome is consistent with one of the conceptualized potential outcomes—that is, \( Y_{i2} = A_{i1}Y_{i2}(1) + (1 - A_{i1})Y_{i2}(0) \)—and under the assumption of ignorability of treatment assignment (Holland 1986; Morgan and Winship 2007; Rubin 1974). One version of this assumption can be written as

\[
Y_{i2}(a_1) \perp A_{i1} | M_{i1} \forall a_1
\]  

where \( \perp \) denotes statistical independence. Substantively, this condition states that there are not any pre-treatment variables other than the moderator that directly affect selection into treatment and the outcome. The ignorability assumption is met by design in experimental studies where treatment is randomly assigned.\(^2\) Figure 1 displays two directed acyclic graphs (DAGs) that describe simple causal systems where this assumption is satisfied. Panel A describes the scenario where treatment assignment is random, while Panel B depicts the situation where selection into treatment is determined solely on the basis of the moderator. Note that, in these DAGs, \( M_{i1} \) has a causal effect on the outcome, but this is not reflected in the potential outcomes notation because we have specified a focus only on the effect of \( A_{i1} \) and how it varies across levels of \( M_{i1} \).

When the ignorability assumption is satisfied, the causal parameters defined previously can be estimated with the following observed data regression model:

\[
E(Y_{i2} | A_{i1}, M_{i1}) = \beta_0^* + \lambda_1^* M_{i1} + A_{i1} (\beta_1^* + \beta_2^* M_{i1}).
\]  

(9)
The asterisks on these parameters denote the distinction between the fundamentally unobservable mean differences between potential outcomes in Equation 7 and the observed differences between conditional means in Equation 9, which are equivalent only under the consistency and ignorability assumptions. In this situation, ordinary least squares estimates of the regression of $Y_{i2}$ on $M_{i1}$, $A_{i1}$, and $M_{i1}A_{i1}$ can be used to estimate the moderated causal effects of interest.

**A Review of Adjustment for Confounding**

It is often the case in the social sciences that the ignorability assumption defined in Equation 8 does not hold because randomization is not possible or there are pre-treatment variables other than the moderator that affect both treatment selection and the outcome. These variables are called confounders, and they lead to bias if they are not properly controlled. Figure 2 contains a DAG that graphically depicts the problem of confounding bias. It shows that a fourth variable, $I_{i1}$, directly affects both treatment and the outcome. Under a slightly modified version of the ignorability assumption, the moderated causal effects of interest can still be identified from observed data in the presence of confounders, but more complicated estimation methods are required (Holland 1986; Morgan and Winship 2007; Rubin 1974). Formally, this assumption can be written as

$$Y_{i2}(a_1) \perp A_{i1} | M_{i1}, C_{i1} \forall a_1.$$  

(10)

Substantively, it states that there are no unobserved determinants of both treatment and the outcome other than $M_{i1}$ and $C_{i1}$.

There are two approaches to adjusting for observed confounders. With the first approach, observed confounders are included along with $A_{i1}$ and $M_{i1}$ in the observed data regression model for $Y_{i2}$. This covariate-adjusted regression approach requires correct specification of how the outcome relates to the treatment, moderator, and confounders. Typically, only “main effects” for
observed confounders are included in the model, but higher-order terms, including interactions between confounders and treatment, are also possible. In the simple case with just a single binary confounder, this model can be expressed as

\[ E(Y_{i2}|A_{i1}, M_{i1}, C_{i1}) = \beta_0^* + \eta_1^* C_{i1} + \lambda_1^* M_{i1} + A_{i1} (\beta_1^* + \beta_2^* M_{i1}). \]  

(11)

It assumes that the effect of treatment on the outcome varies only by levels of \(M_{i1}\). This approach to estimation becomes problematic if \(C_{i1}\) is also a moderator for the treatment-outcome relationship or if the number of observed confounders is large. In these situations, covariate-adjusted regression estimation becomes heavily reliant on functional form, and the analyst may have to move away from a model for effect moderation by \(M_{i1}\) toward a model for effect moderation by multiple covariates, including \(C_{i1}\), which may not be of scientific interest.

With the second approach, inverse-probability-of-treatment (IPT) weighting is used to balance observed confounders, \(C_{i1}\), across levels of the treatment (Hirano and Imbens 2001; Robins et al. 2000; Rosenbaum and Rubin 1983), and the linear regression model is reserved for examining effect moderation by \(M_{i1}\). This method involves reweighting the observed data by a function of the propensity score to generate a pseudo-sample in which treatment is no longer confounded by observed covariates. The IPT-weight for subject \(i\) is given by

\[ w_i = \frac{p(A_{i1}=a_{i1}|M_{i1})}{p(A_{i1}=a_{i1}|M_{i1}, C_{i1})}. \]  

(12)

It is the ratio of the conditional probability that a subject is exposed to the actual treatment she received given all her pre-treatment covariates and the conditional probability of treatment given only the moderator. IPT-weighting balances confounders across treatment levels by giving more weight to subjects with confounders that are underrepresented in their treatment group and less weight to subjects with confounders that are overrepresented in their treatment group. The true IPT weights are unknown and must be estimated from data, which requires a correctly specified
model for the conditional probability of treatment (Hirano and Imbens 2001; Robins et al. 2000; Rosenbaum and Rubin 1983). After estimates of the IPT-weights are computed, a weighted least squares regression of $Y_{i2}$ on $M_{t1}, A_{t1}$, and $M_{t1}A_{t1}$ with weights equal to $\hat{w}_t$ provides estimates of the moderated causal effects of interest.

**EFFECT MODERATION IN THE LONGITUDINAL SETTING**

This section transitions to the situation in which both the treatment and moderator vary over time. For expositional simplicity, we focus on a simple example with a binary treatment measured at two points in time, a single binary moderator measured at two points in time, and an outcome variable measured at a follow-up time period after the treatment exposures.

In the longitudinal setting, formulating coherent causal questions can be conceptually challenging. The challenge arises from the possibility that future moderators may be affected by prior treatment, and thus prior treatment creates, at least in part, the time-varying subgroups of interest. This complication precludes intuitively appealing questions about how the effects of long-term treatment trajectories vary across subgroups defined in terms of long-term moderator trajectories, such as “what is the effect of being always (versus never) treated among subjects who were always in a particular subgroup?” These types of questions are inappropriate because they cannot be translated into counterfactuals that compare the same set of subjects: had a subject been always (versus never) treated, she may not have been always in the one particular subgroup of interest.

In this section, we resolve these conceptual difficulties by introducing *moderated intermediate causal effects*, which isolate the average causal effects of one additional wave of treatment (versus no additional waves) conditional on treatments and moderators prior to that
wave. Moderated intermediate causal effects address questions like “what is the effect of being treated only at time 1 (versus not being treated at all) among subjects who were in a particular subgroup prior to time 1” and “what is the effect of being treated at time 2 (versus not being treated at time 2) among subjects who were in a particular subgroup prior to time 2 and exposed to a particular treatment at time 1?” By carefully attending to the temporal ordering of treatments, moderators, and the outcome, this approach allows for the formulation of coherent causal questions about effect moderation in the longitudinal setting.

The estimation procedures we propose in this section identify moderated intermediate causal effects under the assumption of sequential ignorability of treatment assignment, which we define in detail below. Briefly, this assumption requires that at each time point there are not any unobserved determinants of both treatment assignment and the outcome. Estimates from the methods described in this section do not have a causal interpretation if this assumption is violated. In other words, these methods assume “sequential selection on observables” or “sequential backdoor” identification (Elwert 2013; Pearl 2009).

**Moderated Intermediate Causal Effects**

Let $A_{it}$ indicate exposure to a dichotomous treatment for subject $i$ at time $t = 1, 2$. That is, $A_{it} = 1$ if subject $i$ is exposed to treatment at time $t$, and $A_{it} = 0$ otherwise. In addition, let $Y_{i3}(a_1, a_2)$ be the outcome of interest at time $t = 3$ (a follow-up time period after the treatment exposures) for subject $i$ had she previously received the treatment sequence $(A_{i1} = a_1, A_{i2} = a_2)$, possibly contrary to fact. The set \{$Y_{i3}(0,0), Y_{i3}(1,0), Y_{i3}(0,1)Y_{i3}(1,1)$\} gives all possible potential outcomes for subject $i$. Now, let $M_{i1}$ be the binary moderator of interest for subject $i$ at time $t = 1$, which is measured prior to treatment at time 1 but shares the same time subscript for notational simplicity. Similarly, let $M_{i2}(a_1)$ be the binary moderator for subject $i$ at time $t = 2$.
had she been exposed to the prior treatment $a_1$. This measure of the moderator occurs after treatment at time 1 but before treatment at time 2. It is therefore indexed as a potential outcome of treatment at time 1. The set $\{M_{i2}(0), M_{i2}(1)\}$ gives the potential outcomes of the moderator at time 2 for subject $i$. The complete set of all variables in temporal order is $\{M_{i1}, A_{i1}, M_{i2}(a_1), A_{i2}, Y_{i3}(a_1, a_2)\}$.

With two time points, there are two sets of moderated intermediate causal effects, one set for each time point. The first set of causal effects is defined as

$$
\mu_1(M_{i1}, a_1) = E(Y_{i3}(a_1, 0) - Y_{i3}(0,0)|M_{i1}),
$$

which gives the average causal effect of being exposed to treatment only at time 1 (versus never being exposed) among the subgroups defined by $M_{i1}$. The variable $M_{i1}$ is said to be a moderator for the effect of treatment at time 1 if $\mu_1(M_{i1}, a_1)$ is nonconstant in $M_{i1}$. Note that the function $\mu_1(M_{i1}, a_1)$ equals zero when $a_1$ is equal to zero. The second set of causal effects is defined as

$$
\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2) = E(Y_{i3}(a_1, a_2) - Y_{i3}(a_1, 0)|M_{i1}, M_{i2}(a_1)),
$$

which gives the average causal effect of being exposed to treatment at time 2 (versus not being exposed) among subgroups defined by $M_{i1}$ and $M_{i2}(a_1)$ had subjects initially been exposed to treatment $a_1$. If $\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2)$ is nonconstant in $\{M_{i1}, M_{i2}(a_1)\}$, then these variables are said to be moderators for the effect of treatment at time 2. As before, the function $\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2)$ equals zero when $a_2$ is equal to zero.

To better understand moderated intermediate causal effects, it can helpful to consult the language and logic of sequential experiments. Consider a hypothetical experiment in which the researcher measures $M_{i1}$ and then randomly assigns subjects to different treatments at time 1 but the same treatment at time 2. Comparing mean end-of-study outcomes for subjects assigned to different treatments at time 1, separately among the subgroups defined by $M_{i1}$, would be an
experimental estimate of $\mu_1(M_{i1}, a_1)$. Now consider another hypothetical experiment where the researcher measures $M_{i1}$, assigns all subjects to the same treatment at time 1, measures $M_{i1}(a_1)$, and then randomly assigns subjects to different treatments at time 2. Comparing mean end-of-study outcomes for subjects assigned to different treatments at time 2, separately among subgroups defined by $M_{i1}$ and $M_{i1}(a_1)$, would be an experimental estimate of $\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2)$. Rather than conducting two separate experiments, these effects can also be estimated from a single sequentially randomized experiment in which subjects are assigned to different treatments at each time point and measures of the moderator are taken just prior to treatment assignment (Almirall et al. 2012; Lavori and Dawson 2000; Nahum-Shani et al. 2012; Murphy 2005).

**The Structural Nested Mean Model**

The structural nested mean model (SNMM) formally relates $\mu_1(M_{i1}, a_1)$ and $\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2)$ to the conditional mean of the potential outcomes (Robins 1994). Specifically, the moderated intermediate causal effects of interest can be linked to the conditional mean of $Y_{i3}(a_1, a_2)$ through the following additive decomposition:

$$E(Y_{i3}(a_1, a_2)|M_{i1}, M_{i2}(a_1)) = \beta_0 + \epsilon_1(M_{i1}) + \mu_1(M_{i1}, a_1) + \epsilon_2(M_{i1}, a_1, M_{i2}(a_1))$$

$$+ \mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2),$$

(15)

where the intercept $\beta_0 = E(Y_{i3}(0,0))$ is the mean under no treatment, $\epsilon_1(M_{i1}) = E(Y_{i3}(0,0)|M_{i1}) - E(Y_{i3}(0,0))$ is the association between $M_{i1}$ and the outcome had no subjects been exposed to treatment, and $\epsilon_2(M_{i1}, a_1, M_{i2}(a_1)) = E(Y_{i3}(a_1, 0)|M_{i1}, M_{i2}(a_1)) - E(Y_{i3}(a_1, 0)|M_{i1})$ is the association between $M_{i2}(a_1)$ and the outcome had subjects in the groups defined by $M_{i1}$ initially been exposed to treatment $a_1$ and then no treatment at time 2. Because
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our primary interest is in the causal functions $\mu_1(M_{t1}, a_1)$ and $\mu_2(M_{t1}, a_1 M_{t2}(a_1), a_2)$, the associational effects of the moderators, $\varepsilon_1(M_{t1})$ and $\varepsilon_2(M_{t1}, a_1, M_{t2}(a_1))$, are called nuisance functions.

An important property of the nuisance functions is that, conditional on the past, they have mean zero. That is,

\[
E(\varepsilon_2(M_{t1}, a_1, M_{t2}(a_1))|M_{t1}) = E(E(Y_{t3}(a_1, 0)|M_{t1}, M_{t2}(a_1)) - E(Y_{t3}(a_1, 0)|M_{t1})|M_{t1}) = 0,
\]

and

\[
E(\varepsilon_1(M_{t1})) = E(E(Y_{t3}(0,0)|M_{t1}) - E(Y_{t3}(0,0))|M_{t1}) = 0.
\]

This property of the nuisance functions gives them an interpretation as error terms and will inform their parameterization below.

We consider linear parametric models for the causal and nuisance functions of the SNMM. Any parameterization of the causal function $\mu_1(M_{t1}, a_1)$ must satisfy the constraint that it equals zero when $a_1$ is equal to zero. With a binary treatment and moderator, a saturated model for $\mu_1(M_{t1}, a_1)$ is

\[
\mu_1(M_{t1}, a_1; \beta_1) = a_1(\beta_{10} + \beta_{11}M_{t1}).
\]

This model includes the familiar interaction term between treatment and the moderator at time 1, where $\beta_{10}$ is the average causal effect of treatment at time 1 among subjects in group $M_{t1} = 0$ and $\beta_{11}$ increments this effect for subjects in group $M_{t1} = 1$. If $\beta_{11} = 0$, then $M_{t1}$ is not a moderator for treatment at time 1.
Similarly, a saturated model for $\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2; \beta_2)$ is

$$
\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2; \beta_2) = a_2(\beta_{20} + \beta_{21} M_{i1} + \beta_{22} M_{i2}(a_1) + \beta_{23} M_{i1} M_{i2}(a_1) + \beta_{24} a_1 + \beta_{25} M_{i1} a_1 + \beta_{26} a_1 M_{i2}(a_1) + \beta_{27} M_{i1} a_1 M_{i2}(a_1)) \tag{19}
$$

This model includes all possible interactions between treatment at time 2, prior treatment, and prior moderators. Specific linear combinations of the beta parameters return the average causal effect of being exposed to treatment at time 2 (versus not being exposed) among the subgroups defined by $M_{i1}$ and $M_{i2}(a_1)$ had subjects initially been exposed to treatment $a_1$. For example, among subjects in group $M_{i1} = 0$ at time 1, who had not been exposed to treatment at time 1, and who were in group $M_{i2}(0) = 0$ at time 2 under no prior treatment, $\beta_{20}$ is the average causal effect of being exposed to treatment at time 2. As another example, $\beta_{20} + \beta_{21}$ gives the same effect among subjects in group $M_{i1} = 1$ at time 1.

A key to parameterizing the nuisance functions is to ensure that the model satisfies their zero conditional mean property (i.e., Equations 16 and 17). With these constraints in mind, a saturated model for $\epsilon_1(M_{i1})$ is

$$
\epsilon_1(M_{i1}; \lambda_1) = \lambda_{10} \delta(M_{i1}) \tag{20}
$$

where $\delta(M_{i1}) = M_{i1} - E(M_{i1})$ and $\lambda_{10}$ gives the associational effect of the moderator at time 1 on the outcome had subjects not been exposed to treatment at any time point. Note that $\delta(M_{i1})$ is just a mean-centered version of the time 1 moderator. It satisfies the zero conditional mean property because $E(\delta(M_{i1})) = E(M_{i1} - E(M_{i1})) = 0$. 

A saturated model for the second nuisance function is

\[
\varepsilon_2(M_{i1}, a_1, M_{i2}(a_1); \lambda_2) = \delta(M_{i2}(a_1))(\lambda_{20} + \lambda_{21}M_{i1} + \lambda_{22}a_1 + \lambda_{23}a_1M_{i1}) \tag{21}
\]

where \(\delta(M_{i2}(a_1)) = M_{i2}(a_1) - E(M_{i2}(a_1)|M_{i1})\) and different combinations of the lambda parameters give the associational effect of the moderator at time 2 on the outcome. It satisfies the zero conditional mean constraint because

\[
E(\delta(M_{i2}(a_1))|M_{i1}) =
\]

\[
E(M_{i2}(a_1) - E(M_{i2}(a_1)|M_{i1})|M_{i1}) = E(M_{i2}(a_1)|M_{i1}) - E(M_{i2}(a_1)|M_{i1}) = 0.
\]

It is important to note that \(\delta(M_{i1})\) and \(\delta(M_{i2}(a_1))\) are similar to residual terms from regression models for the moderators given past covariates and treatments.

Combining models for the causal and nuisance functions yields the following saturated SNMM:

\[
E(Y_{i3}(a_1, a_2)|M_{i1}, M_{i2}(a_1)) = \beta_0 + \lambda_{10}\delta(M_{i1}) + a_1(\beta_{10} + \beta_{11}M_{i1}) + \delta(M_{i2}(a_1))(\lambda_{20} + \lambda_{21}M_{i1} + \lambda_{22}a_1 + \lambda_{23}a_1M_{i1}) + a_2(\beta_{20} + \beta_{21}M_{i1} + \beta_{22}M_{i2}(a_1) + \beta_{23}M_{i1}M_{i2}(a_1) + \beta_{24}a_1 + \beta_{25}M_{i1}a_1 + \beta_{26}a_1M_{i2}(a_1) + \beta_{27}M_{i1}a_1M_{i2}(a_1)) \tag{22}
\]

This equation is similar to the familiar linear model with all possible interaction terms between treatments and moderators except that in several places the moderators are replaced with terms that resemble residuals. The saturated SNMM has a total of 16 parameters, one for every possible combination of binary treatments and moderators. For now, we focus on the saturated model, but in a subsequent section, we discuss several simplifying assumptions that might be imposed on the functional form of the SNMM, particularly in situations where multivalued treatments and moderators make a saturated model intractable.
Estimation

The moderated intermediate causal effects defined previously can be identified from observed data under the assumptions of consistency and sequential ignorability of treatment assignment (Almirall et al. 2010; Robins 1994). The consistency assumption states that the observed outcome is consistent with one of the conceptualized potential outcomes, and the sequential ignorability assumption is formally expressed in two parts:

\[ Y_{i3}(a_1, a_2) \perp A_{i1} | M_{i1} \forall (a_1, a_2) \]  
\[ Y_{i3}(a_1, a_2) \perp A_{i2} | M_{i1}, A_{i1}, M_{i2} \forall (a_1, a_2). \]  

Substantively, it states that at each time point there are not any variables other than the prior moderators and treatments that directly affect selection into future treatment and the outcome. This assumption is met by design in sequentially randomized experimental studies. Figure 3 displays two DAGs that describe time-dependent causal systems in which this assumption is satisfied. Panel A describes the scenario in which treatment is sequentially randomized, while Panel B depicts the situation in which selection into treatment is determined only on the basis of prior treatments and moderators. In both DAGs, the treatment and moderator at each time point directly affect the outcome, and treatment at time 1 has an indirect effect on the outcome that operates through the moderator at time 2. Unobserved characteristics of a subject, denoted by \( U_i \), affect the moderator and the outcome, but not treatment.

Limitations of Conventional Regression Estimation

Recall that in the point-in-time setting, moderated causal effects can be consistently estimated with a conventional regression that conditions on the treatment, moderator, and a treatment-mediator interaction term under the ignorability assumption. In this section, we explain why
estimates from an analogous conventional regression in the longitudinal setting are biased, even when the sequential ignorability assumption is satisfied. Consider the following observed data regression model:

\[
E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2}) = \beta_0^* + \lambda_{10}^* M_{i1} + A_{i1}(\beta_{10}^* + \beta_{11}^* M_{i1}) + M_{i2}(\lambda_{20}^* + \\
\lambda_{21}^* M_{i1} + \lambda_{22}^* A_{i1} + \lambda_{23}^* M_{i2}) + A_{i2}(\beta_{20}^* + \beta_{21}^* M_{i1} + \beta_{22}^* M_{i2} + \beta_{23}^* M_{i1} M_{i2} + \\
\beta_{24}^* A_{i1} + \beta_{25}^* M_{i1} A_{i1} + \beta_{26}^* A_{i1} M_{i2} + \beta_{27}^* M_{i1} A_{i1} M_{i2}).
\]  

(25)

Least squares estimates of the parameters in this equation are biased for the causal parameters in the SNMM for two reasons. First, because this model conditions naively on \(M_{i2}\), which mediates the effect of prior treatment, \(A_{i1}\), on the outcome, the parameters \(\{\beta_{10}^*, \beta_{11}^*\}\) do not capture the indirect effect of prior treatment that operates through future levels of the moderator. This problem is known as over-control of intermediate pathways. It is depicted visually with the stylized graph in Panel A of Figure 4.

Despite the problem of over-control, it may be tempting to assume that these parameters still recover the moderated direct effects of treatment at time 1, holding the future moderator constant. However, the parameters \(\{\beta_{10}^*, \beta_{11}^*\}\) cannot even be interpreted as direct effects of treatment because of a second problem associated with conditioning on an intermediate variable: collider-stratification bias. As depicted graphically in Panel B of Figure 4, conditioning on \(M_{i2}\) induces an association between prior treatment and unobserved determinants of \(Y_{i3}\) (i.e. the error term of the outcome), which leads to bias. The same problems prevent estimation of moderated causal effects in the longitudinal setting with propensity score stratification methods (e.g., Xie et al. 2012). Indeed, even with data from a sequentially randomized experiment, conventional methods fail to recover the moderated causal effects of interest if the moderator is time-varying and affected by prior treatment.
Another way to conceive of these problems is as a specification error in the observed data regression, and specifically, as an error in the specification of the nuisance functions. In the SNMM, the nuisance functions involve a residual transformation of the time-varying moderators, but the observed data regression considered here includes the untransformed values of these variables in the model. As we show in the next section, unbiased estimation of moderated intermediate causal effects can be achieved with an observed data regression that correctly specifies the nuisance functions with appropriate residual terms.

**Regression-with-residuals**

Regression-with-residuals (RWR) estimation is very similar to the conventional regression approach discussed in the previous section, but it avoids the problems of over-control and collider stratification bias by correctly modeling the nuisance functions in the SNMM (Almirall et al. 2013; Almirall et al. 2010). This method proceeds in two stages. In the first stage, the time-varying moderators are regressed on the observed past to obtain estimates of the residual terms $\delta(M_{i1})$ and $\delta(M_{i2}(a_1))$. Specifically, parametric models of the form $E(M_{i1}) = \phi$ and $E(M_{i2}|M_{i1}, A_{i1}) = f(M_{i1}, A_{i1}; \psi)$ are estimated and then used to construct the following residual terms: $\hat{\delta}(M_{i1}) = M_{i1} - \hat{E}(M_{i1}) = M_{i1} - \hat{\phi}$ and $\hat{\delta}(M_{i2}) = M_{i2} - \hat{E}(M_{i2}|M_{i1}, A_{i1}) = M_{i2} - f(M_{i1}, A_{i1}; \hat{\psi})$. When $M_{i2}$ is binary, $E(M_{i2}|M_{i1}, A_{i1})$ can be estimated by least squares using a linear probability model, such as $E(M_{i2}|M_{i1}, A_{i1}) = \psi_0 + \psi_1 M_{i1} + A_{i1}(\psi_2 + \psi_3 M_{i1})$, or it could be estimated by maximum likelihood using a more complex nonlinear model (e.g., logit or probit).

In the second stage, the SNMM is estimated via the following observed data regression that replaces the untransformed values of the moderators in the nuisance functions with the residualized values:
Estimating Heterogeneous Causal Effects with Time-Varying Treatments and Effect Moderators

Let $i_3$ denote the outcome, $i_1$ and $i_2$ denote two time points, and $a_1, M_1, A_1, M_2, A_2$ denote the treatments and effect moderators at those time points. The moderated causal effect of interest is given by

$$E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2}) = \beta^*_0 + \lambda^*_1 \delta(M_{i1}) + A_{i1} (\beta^*_1 \star + \beta^*_1 M_{i1}) + \delta(M_{i2}) (\lambda^*_2 + \lambda^*_2 M_{i1} + \lambda^*_2 A_{i1} + \lambda^*_2 M_{i1} A_{i1}) + \lambda^*_2 A_{i2} + \lambda^*_2 M_{i2} M_{i1} A_{i1} + \lambda^*_2 M_{i2} A_{i1} M_{i1} A_{i1} M_{i2} + \beta^*_2 M_{i1} A_{i1} + \beta^*_2 M_{i2} A_{i1} M_{i1} A_{i1} M_{i2}).$$

Least squares estimates of this equation are unbiased for the moderated causal effects of interest under the assumptions outlined previously (Almirall et al. 2013; Almirall et al. 2010). The only difference between this model and the conventional regression in Equation 25 is that it correctly specifies the nuisance functions of the SNMM using residualized, rather than untransformed, values of the moderators.

Figure 5 displays a stylized graph that provides some intuition as to how RWR estimation overcomes the problems of over-control and collider-stratification. It shows that residualizing $M_{i2}$ based on the observed past “purges” this variable of its association with prior treatment while leaving its association with other variables (e.g., the outcome) intact. Thus, conditioning on the residualized moderator in an observed data regression for $Y_{i3}$ does not remove the indirect effect of prior treatment that operates through the moderator and does not induce an association between prior treatment and unobserved determinants of the outcome.

To complement this graphical explanation, Part A of the Online Supplement provides a technical appendix that formally explains the logic underlying RWR. Specifically, we show that observed differences in conditional means can be equated with the fundamentally unobservable moderated intermediate causal effects under assumptions outlined previously; that a conventional regression model implies a model for the moderated intermediate effects of treatment at time 1 that contains non-causal terms, whereas the RWR parameterization ensures a clean separation of causal and non-causal information contained in the conditional mean; and finally, that the RWR estimator is unbiased under the assumption of a correctly specified SNMM.
Adjustment for Confounding

It is often the case in the social sciences that the sequential ignorability assumptions defined in Equations 23 and 24 do not hold because there are variables other than the moderators and prior treatments that affect selection into future treatments and the outcome. When these variables change over time, they are called time-varying confounders, and they lead to bias if not properly controlled. Panel A of Figure 6 contains a DAG that graphically depicts the problem of bias due to time-varying confounders. It shows additional variables, $I_1$ and $I_2$, that affect both treatment and the outcome. Specifically, $I_1$ is a confounder for the effects of $A_1$ on $Y_3$, and both $I_1$ and $I_2$ are confounders for the effect of $A_2$ on $Y_3$. Under a slightly modified version of the sequential ignorability assumption defined previously, the moderated intermediate causal effects of interest can still be identified from observed data in the presence of time-varying confounders, but more complicated estimation methods are required.

To appreciate the need for more complicated estimation methods in this setting, note that if the analysis adjusts naively for $C_1$ and $C_2$ by including them as covariates in either a conventional regression or even as part of a RWR (where the moderators, $M_1$ and $M_2$, are residualized), it may also incur biases due to over-control and collider stratification. This could happen for the very same reasons that conditioning naively on $M_1$ and $M_2$ may lead to such biases.

The stylized graph in Panel B of Figure 6 depicts what would happen if RWR were used to adjust appropriately for the time-varying moderators, but the confounders were adjusted for naively by including them directly in the outcome model. An example of such a regression model is
\[ E(Y_{13}|C_{i1}, M_{i1}, A_{i1}, C_{i2}, M_{i2}, A_{i2}) = \beta_0^* + \lambda_{10}^* \delta(M_{i1}) + \lambda_{11}^* C_{i1} + A_{i1}(\beta_{10}^* + \beta_{11}^* M_{i1}) + \\
\lambda_{20}^* A_{i1} + \lambda_{21}^* A_{i1} + \lambda_{22}^* A_{i1}M_{i1} + \lambda_{24}^* C_{i2} + A_{i2}(\beta_{20}^* + \beta_{21}^* M_{i1} + \\
\beta_{22}^* M_{i2} + \beta_{23}^* M_{i1}M_{i2} + \beta_{24}^* A_{i1} + \beta_{25}^* M_{i1}A_{i1} + \beta_{26}^* M_{i1}M_{i2} + \beta_{27}^* M_{i1}A_{i1}M_{i2}). \]  

(27)

Note that Equation 27 does not include interaction terms between \( C_{i1} \) and \( A_{i1} \) or between \((C_{i1}, A_{i1}, C_{i2})\) and \( A_{i2} \). This is consistent with the intent to adjust for \( C_{i1} \) and \( C_{i2} \) because they are time-varying confounders, not because they are moderators of scientific interest. Similar to the problems outlined in the previous section, Panel B of Figure 6 shows that least squares estimates of \((\beta_{10}^*, \beta_{11}^*)\) are biased due to over-control and collider stratification, which results from naively conditioning on \( C_{i2} \) in this model. In the sections that follow, we present two approaches for estimating moderated intermediate causal effects in the presence of time-varying confounders that avoid these problems.

**Covariate-adjusted regression-with-residuals**

Covariate-adjusted regression-with-residuals (CA-RWR) is nearly identical to the RWR method discussed previously, but it avoids the problems of over-control and collider stratification bias due to conditioning on untransformed values of the time-varying confounders by conditioning instead on a residual transformation of these variables. As with RWR, CA-RWR proceeds in two stages, but it involves four additional modeling considerations. First, two more estimated residuals are obtained in the first stage—one each for \( C_{i1} \) and \( C_{i2} \). These are defined as \( \delta(C_{i1}) = C_{i1} - \hat{E}(C_{i1}) \) and \( \delta(C_{i2}) = C_{i2} - \hat{E}(C_{i2}|C_{i1}, M_{i1}, A_{i1}) \), respectively. Second, with CA-RWR, \( \delta(M_{i2}) \) may now depend on \( C_{i1} \)—that is, \( \delta(M_{i2}) \) is now defined as \( \delta(M_{i2}) = M_{i2} - \hat{E}(M_{i2}|M_{i1}, C_{i1}, A_{i1}) \). Third, instead of conditioning on the untransformed values of the time-varying confounders, the SNMM is estimated via a second-stage regression that replaces them
with the residualized values $\hat{\delta}(C_{i1})$ and $\hat{\delta}(C_{i2})$. Fourth, the second-stage regression may now include additional terms involving the confounders as part of the nuisance functions. For example, the associational effect of the moderators on the outcome may vary by levels of the confounders, which would necessitate including higher order interaction terms for different cross-products of $C_{i1}$ and $C_{i2}$ with $\hat{\delta}(M_{i1})$ and $\hat{\delta}(M_{i2})$.

CA-RWR requires a different set of identification assumptions compared with RWR. For the CA-RWR approach, the moderated intermediate causal effects $\mu_1(M_{i1}, a_1; \beta_1)$ and $\mu_2(M_{i1}, a_1 M_{i2}(a_1), a_2; \beta_2)$ can be identified from observed data under an expanded version of the sequential ignorability assumptions defined previously. Specifically, CA-RWR requires that

\[ Y_{i3}(a_1, a_2) \perp A_{i1}|M_{i1}, C_{i1} \forall (a_1, a_2) \text{ and} \]

\[ Y_{i3}(a_1, a_2) \perp A_{i2}|M_{i1}, C_{i1}, A_{i1}, M_{i2}, C_{i2} \forall (a_1, a_2). \]

Substantively, this assumption states that at each time point there are not any variables other than the prior moderators, confounders, and treatments that directly affect selection into future treatment and the outcome. These conditions subsume those defined in Equations 23 and 24, which implies that CA-RWR requires a weaker set of ignorability assumptions than RWR. However, compared to RWR, CA-RWR requires additional modeling assumptions. In particular, CA-RWR requires that the time-varying confounders are not also moderators for the effects of treatment on the outcome. This assumption is encoded in the models for the moderated intermediate causal effects, which depend only on $M_{i1}$ and $M_{i2}$, and not on $C_{i1}$ and $C_{i2}$.

Figure 7 displays a stylized graph that provides some intuition as to how CA-RWR estimation overcomes the problems of over-control and collider stratification bias that result from naively conditioning on the untransformed time-varying confounders. Note that these are essentially the same problems that were encountered previously as a result of conditioning
naively on the untransformed time-varying moderators, except that here the problems apply to $C_{i1}$ and $C_{i2}$. The figure shows that residualizing both $M_{i2}$ and $C_{i2}$ based on the observed past “purges” these variables of their association with prior treatment while leaving their association with other variables (e.g., the outcome and future treatment) intact. This approach avoids controlling away part of the treatment effect that operates through future time-varying confounders, and it avoids inducing a non-causal association between $A_{i1}$ and unobserved variables, such as $V_i$, that are joint determinants of both $C_{i2}$ and the outcome, $Y_{i3}$.

**IPT-weighted regression-with-residuals**

IPT-weighted regression-with-residuals (IPTW-RWR) aims to overcome two related limitations of the CA-RWR approach (Almirall et al. 2014). The first limitation involves the modeling assumption associated with CA-RWR, which states that time-varying confounders are not also moderators of treatment effects on the outcome. In many cases, social scientists are specifically interested in how a particular time-varying covariate, say $M_{it}$, moderates the effects of a time-varying treatment, but they do not wish to rule out the possibility that other time-varying covariates, such as $C_{it}$, are also moderators. With CA-RWR, however, one must consider the explicit role that $C_{i1}$ and $C_{i2}$ play in moderating the effects of treatment because this approach directly adjusts for these variables in the outcome model.

The second limitation of CA-RWR is the potentially high dimension of $C_{it}$—that is, the possibility that there are a large number of observed time-varying confounders. In many social science applications, the number of covariates in $C_{i1}$ and $C_{i2}$ is large, while the analysis is focused on only a limited set of putative moderators. As the number of covariates in $C_{i1}$ and $C_{i2}$ grows large, it becomes more difficult to ensure that the models for the nuisance functions are correctly specified. Recall that each time-varying confounder may require up to four additional
modeling considerations—all of them having to do with the nuisance functions, which are not of scientific interest. Finally, these two limitations are related in that the CA-RWR assumption stating that the effects of treatment are not moderated by the covariates in $C_{i1}$ or $C_{i2}$ also becomes more untenable as the number of these covariates grows large.

IPTW-RWR overcomes these limitations by adjusting for time-varying confounders via weighting rather than via a modeling approach. Specifically, with IPTW-RWR, the following IPT weights are computed for each subject $i$:

$$w_{i1} = \frac{P(A_{i1} = a_{i1}|M_{i1})}{P(A_{i1} = a_{i1}|M_{i1}, C_{i1})} \text{ and } (30)$$

$$w_{i2} = \frac{P(A_{i2} = a_{i1}|M_{i1}, A_{i1}, M_{i2})}{P(A_{i2} = a_{i1}|M_{i1}, C_{i1}, A_{i1}, C_{i2}, M_{i2})}. \text{ (31)}$$

The numerator of the weights is the conditional probability of treatment given prior moderators and treatments, while the denominator is the conditional probability of treatment given prior moderators, treatments, and confounders. At each time point, weighting by the ratio of these conditional probabilities balances prior time-varying confounders, but not prior moderators, across levels of future treatment. As in the point-in-time setting, the true IPT weights are unknown and must be estimated from data. This is typically accomplished by estimating the numerator and denominator using logistic regression models, but alternative methods are also available (e.g., McCaffrey et al. 2004).

After estimates of the IPT weights are computed, IPTW-RWR proceeds just as RWR but with weighted, rather than unweighted, regressions at each stage. Specifically, in the first stage, the estimated residuals $\hat{\delta}(M_{i1}) = M_{i1} - \hat{E}(M_{i1})$ and $\hat{\delta}(M_{i2}) = M_{i2} - \hat{E}(M_{i2}|M_{i1}, A_{i1})$ are obtained from weighted regressions for $E(M_{i1})$ and $E(M_{i2}|M_{i1}, A_{i1})$ with weights equal to $\hat{w}_{i1} \times \hat{w}_{i2}$. In the second stage, the SNMM is estimated via the same observed data regression.
used in Equation 26, but estimates are now computed using weighted least squares with weights equal to $\hat{\omega}_t1 \times \hat{\omega}_t2$.

IPTW-RWR requires the same sequential ignorability assumptions as CA-RWR and the same set of modeling assumptions as RWR (namely, correct models for the nuisance functions involving $M_{t1}$ and $M_{t2}$ and for the moderated intermediate causal effects). This approach additionally requires correctly specified models for the denominator probabilities in the IPT weights. Note, however, that this approach effectively replaces the four additional modeling considerations for each time-varying confounder in the CA-RWR approach with a single set of modeling considerations for the propensity score at each time point.

Figure 8 displays a stylized graph that provides some intuition as to how IPTW-RWR overcomes (1) the problems of over-control and collider stratification bias due to conditioning naively on time-varying moderators and (2) the problem of confounding by time-varying covariates. First, by residualizing $M_{t2}$ based on the observed past, IPTW-RWR “purges” $M_{t2}$ of its association with prior treatment. Second, by re-weighting the data based on the IPT, this approach eliminates the association between treatment and prior confounders while leaving intact the indirect effects of treatment that operate through future levels of the confounders.

**Unsaturated Models**

Thus far, we have focused on a saturated SNMM with a binary treatment and a binary moderator both measured at just 2 time points. With multivalued treatments, multivalued moderators, or many time points, a saturated SNMM becomes intractable, as is also the case with conventional regression models. In this situation, researchers have to explore simplifying functional form assumptions that reduce the number of free parameters in the model. These assumptions can be conceived of as additional parametric constraints imposed on the SNMM.
For example, consider a hypothetical scenario with a 3-level ordinal treatment and an interval-level moderator that takes on 10 different values, each measured at 2 separate time points. In this scenario, a saturated SNMM would have $3^2 \times 10^2 = 900$ parameters! One way to simplify this model would be to assume that (1) the effect of treatment at each time point only varies across levels the moderator immediately preceding it; (2) the effect of treatment at each time point is linear within levels of the prior moderator; (3) a unit increase in the level of the prior moderator increments the effect of treatment by a constant amount; and (4) the associational effect of the moderator at each time point is also linear and does not depend on prior variables. Translating these assumptions into parametric constraints gives an unsaturated SNMM of the form

$$E(Y_{i3}(a_1, a_2) | M_{i1}, M_{i2}(a_1)) =$$

$$\beta_0 + \lambda_{10} \delta(M_{i1}) + a_1 (\beta_{10} + \beta_{11} M_{i1}) + \lambda_{20} \delta(M_{i2}(a_1)) + a_2 (\beta_{20} + \beta_{21} M_{i2})$$  \hspace{1cm} (32)

which uses only 7 parameters to summarize all 900 possible values that the conditional expectation can take on. Of course, many different types of constraints are possible, and their suitability in any given context will depend on the true data generating process.

Unbiased estimation of moderated intermediate causal effects requires a correctly specified SNMM. If the simplifying assumptions imposed via parametric constraints on the functional form of the model are incorrect, then estimates of these effects will be biased. Thus, in practice, researchers could conduct additional analyses that examine the sensitivity of effect estimates to a variety of different functional forms.
Variance Estimation

For all of the estimation approaches described previously, the standard errors (SEs) reported from off-the-shelf software packages, such as Stata, SAS, or R, may be inappropriate because they assume that the residual terms and, in the case of IPTW-RWR, the weights are known rather than estimated. Consequently, hypothesis tests and confidence intervals for the moderated causal effects of interest that are based on these SEs could be invalid. Almirall et al. (2010) derives asymptotic SEs that additionally account for sampling error in the estimation of the residuals using standard Taylor series arguments. However, because of the additional programming needed to compute these SEs, we propose the use of bootstrap estimates, which are easier to calculate using off-the-shelf software (Efron and Tibshirani 1993). Simulation studies reveal a close correspondence between the bootstrap and asymptotic SEs across a variety of large sample applications (Almirall et al. 2014). With smaller samples, simulations suggest that bootstrap SEs perform better than the asymptotic SEs. To obtain bootstrap estimates of the SEs, any of the estimation methods described previously are first applied to $b$ samples of size $N$ chosen at random (with replacement) from the original data. For each sample, parameter estimates for the moderated causal effects of interest are stored, and then the SEs are estimated using the standard deviation of these estimates across the $b$ samples. The larger the number of samples, the more accurate are estimates of the SEs.

NEIGHBORHOOD EFFECTS ON TEEN CHILDBEARING

This section presents a simplified example application of SNMMs and RWR estimation that investigates whether the impact of neighborhood poverty on the risk of teen childbearing is moderated by prior family income. Theory and previous research suggest that neighborhood effects on adolescent outcomes are likely moderated by family-level characteristics (Sharkey and
Faber 2014; Wodtke et al. 2012), and because both neighborhood exposures and family characteristics, such as parental income, vary over time and are jointly endogenous (Quillian 2003; Timberlake 2007), research in this area requires new statistical tools capable of properly analyzing neighborhood effect heterogeneity in the longitudinal setting.

Several competing theories suggest that family income moderates the impact of neighborhood poverty on the risk of teen childbearing. For example, compound disadvantage theory contends that lower income families are particularly sensitive to the effects of neighborhood poverty because children from families of modest means must rely more heavily on neighborhood networks and institutional resources than children from higher income families (Jencks and Mayer 1990; Wilson 1987). By contrast, relative deprivation theory posits that the effects of neighborhood poverty are less severe among children in lower income families because these children lack the resources needed to capitalize on the institutional advantages available in non-poor neighborhoods (Jencks and Mayer 1990).

We investigate the impact of different longitudinal patterns of exposure to neighborhood poverty among subgroups of children defined by their time-varying family incomes using data from the PSID (Michigan Survey Research Center 2013). The PSID is a longitudinal study that began in 1968 with a national sample of about 4,800 households. From 1968 to 1997, the PSID interviewed household members annually; after 1997, interviews were conducted biennially. Families are matched to census tracts using the restricted-use PSID geocode file, and data on the socioeconomic composition of census tracts come from the Geolytics Neighborhood Change Database (GeoLytics 2003). The analytic sample for this study includes the 7,816 subjects in the PSID who were age 3 at any time between 1968 and 1986. Using all available data for these subjects between ages 3 and 14, measurements of neighborhood poverty and family-level
covariates are constructed separately by developmental period, where the time index \( t \) is used to distinguish between measurements taken during childhood \( (t = 1) \) and adolescence \( (t = 2) \).

The treatment of interest in this analysis is exposure to neighborhood poverty. We construct a binary treatment variable coded 1 if a child lives in a moderate- or high-poverty neighborhood (>10% tract poverty rate), and 0 if a child lives in a low-poverty neighborhood (\( \leq 10\% \) tract poverty rate).\(^6\) The childhood measurement of neighborhood poverty is based on a subject’s average tract poverty rate over the three survey waves from age 6 to 8. Neighborhood poverty during adolescence is based on the average tract poverty rate over the three survey waves from age 12 to 14.

We also construct separate multi-wave averages of time-varying covariates during childhood and adolescence. Time-varying covariates during childhood are based on averages taken over the years in which a subject is age 3 to 5—the three survey waves immediately preceding measurement of childhood treatment. Similarly, time-varying covariates during adolescence are based on averages over the years in which a subject is age 9 to 11—the three survey waves preceding measurement of adolescent neighborhood poverty and following measurement of neighborhood poverty during childhood. The outcome of interest is a binary variable indicating whether a subject experienced a childbirth event between ages 15 and 20.\(^7\) This measurement strategy, which is depicted graphically in Figure 9, ensures appropriate temporal ordering of the treatment, moderator, confounders, and outcome.

The time-varying moderator of interest in this analysis is the family income-to-needs ratio. This variable is equal to a family’s annual real income from all sources divided by the official poverty threshold, which is indexed to family size. We construct a binary moderator variable equal to 1 if a child lives with a high-income family (income-to-needs ratio \( \geq 3 \), which
is approximately the 75th percentile of the sample distribution), and 0 if a child lives with a moderate- or low-income family (income-to-needs ratio < 3).8

The time-varying confounders included in this analysis are the family head’s current marital status (married versus not married), employment status (employed versus not employed), most recent occupation (professional or managerial occupation versus others), and homeownership status (homeowner versus renter). In addition, we control for a number of time-invariant confounders, including gender (female versus male), race (black versus nonblack), mother’s age (<20 versus ≥20 years) and marital status (married versus unmarried) at the time of a subject’s birth, and the family head’s highest level of completed education (<12 versus ≥12 years).9

We focus on estimating a SNMM of the form:

$$E(Y_{i3}(a_1, a_2)|M_{i1}, M_{i2}(a_1)) = \beta_0 + \lambda_{10} \delta(M_{i1}) + a_1(\beta_{10} + \beta_{11}M_{i1}) +$$

$$\delta(M_{i2}(a_1))\lambda_{20} + a_2(\beta_{20} + \beta_{21}M_{i2}(a_1)),$$

(33)

where \(a_t\) denotes exposure to a moderate- or high-poverty neighborhood; \(M_{it}\) denotes living with a high-income family; and \(Y_{i3}(a_1, a_2)\) is the potential outcome of interest coded 1 if a subject would have experienced a childbirth event between age 15 and 20 had they been exposed to the trajectory of neighborhood conditions \((a_1, a_2)\), and 0 otherwise. This equation is an unsaturated linear probability SNMM. In previous sections, we focused largely on saturated SNMMs that did not require strong assumptions about functional form. This model, however, assumes that the effects of neighborhood poverty on the probability of teen childbearing depend only on levels of the family income variable measured during the same developmental period. It also assumes that the associational effects of family income are additive.
In this model, the parameter $\beta_{10}$ gives the average causal effect of childhood exposure to moderate- or high-poverty (versus low-poverty) neighborhoods, setting adolescent treatment to low-poverty neighborhoods, among subjects in moderate- or low-income families during childhood; $\beta_{11}$ increments this effect for subjects in high-income families at this developmental stage. The parameter $\beta_{20}$ gives the average causal effect of adolescent exposure to moderate- or high-poverty (versus low-poverty) neighborhoods, holding neighborhood poverty during childhood constant, among subjects in families that would have moderate or low incomes during adolescence under the fixed childhood exposure; $\beta_{21}$ increments this effect for subjects in high-income families at this development stage. If $\beta_{11} = 0$ or $\beta_{21} = 0$, then family income does not moderate the distal or proximal impact, respectively, of neighborhood poverty on the risk of teen childbearing.

We estimate these effects using the different variants of RWR described previously. First, we use unadjusted RWR. This approach involves residualizing the moderators based on the observed past, and then regressing the indicator for teen childbearing on treatment, treatment by moderator interactions, and the residualized moderators. It assumes that exposure to neighborhood poverty at each time period is not confounded by variables other than family income and that the functional form of the SNMM is correctly specified.

Second, we use CA-RWR. This approach involves residualizing the moderators and all measured confounders based on the observed past, and then regressing the indicator for teen childbearing on treatment, treatment by moderator interactions, the residualized moderators, and the residualized confounders. It assumes that exposure to neighborhood poverty is confounded only by family income and the other measured covariates described previously; that the functional form of the SNMM is correctly specified; and relatedly, that the covariates treated solely as confounders are not effect moderators and have additive associational effects on the probability of adolescent childbearing.
Third, we use IPTW-RWR. This approach involves estimating IPT weights via logistic regression models for the conditional probability of exposure to moderate- or high-poverty (versus low-poverty) neighborhoods at each time point given prior treatment, moderators, and confounders. Then, the moderators are residualized based on prior treatments and prior measures of the moderator using IPT-weighted regressions. Finally, estimates of moderated causal effects are obtained by fitting an IPT-weighted regression of the indicator for teen childbearing on treatment, treatment by moderator interactions, and the residualized moderators. This approach assumes that exposure to neighborhood poverty is confounded only by family income and other observed covariates; that the logistic regression models for the conditional probability of treatment are correctly specified; and that the functional form of the SNMM is correctly specified.

Table 1 presents point estimates and bootstrap standard errors for the SNMM causal parameters. The first column of the table presents estimates based on unadjusted RWR. The second and third columns present estimates from CA-RWR and IPTW-RWR, respectively. In general, results from the three different estimators suggest a negligible effect of exposure to neighborhood poverty during childhood on the risk of teen childbearing and provide no evidence of effect moderation by prior family income at this developmental stage.

Estimates for the effect of exposure to neighborhood poverty during adolescence, by contrast, indicate that living in a moderate- or high-poverty neighborhood during this developmental period has a statistically significant and substantively large positive effect on the risk of teen childbearing. Moreover, estimates also indicate that this effect is significantly moderated by prior family income. Consistent with compound disadvantage theory, exposure to neighborhood poverty during adolescence is estimated to have a larger inflationary effect on the risk of teen childbearing among individuals in moderate- or low-income families during this developmental period.
For example, according to estimates based on IPTW-RWR, adolescent exposure to moderate- or high-poverty neighborhoods, rather than low-poverty neighborhoods, is estimated to increase the risk of a subsequent childbirth event by about 10 percentage points among individuals in moderate- or low-income families during adolescence (i.e., $1 \left( \hat{\beta}_{20} + \hat{\beta}_{21}(0) \right) = 0.100$). Among individuals in high-income families, estimates indicate that exposure to moderate- or high-poverty neighborhoods, rather than low-poverty neighborhoods, during adolescence increases the risk of a subsequent childbirth event by just over 1 percentage point (i.e., $1 \left( \hat{\beta}_{20} + \hat{\beta}_{21}(1) \right) = 0.100 - 0.089 = 0.011$). Thus, the inflationary impact of adolescent exposure to neighborhood poverty on the risk of subsequent childbearing is much stronger for individuals in moderate- or low-income families than for individuals in high-income families. Moderated neighborhood effects estimated via unadjusted RWR, CA-RWR, and IPTW-RWR all are generally consistent with the compound disadvantage perspective.

All of these estimates, however, are based on unsaturated linear probability SNMMs, and as with any unsaturated regression model, the analyst must consider the possibility of bias due to model misspecification. Although a saturated SNMM would perfectly fit the conditional expectation function and thus avoid any misspecification bias, this model is too complex to estimate with data from a finite sample. The possibility of misspecification bias may be particularly concerning in applications with a binary outcome and with continuous treatments, moderators, or confounders because the additivity and linearity assumptions implied by unsaturated SNMMs are less realistic.

With binary outcomes, analysts may also want to consider nonlinear probability models for examining the moderated effects of a time-varying treatment, such as structural nested
logistic models (Clarke and Windmeijer 2010; Robins and Rotnitsky 2004; Vansteelandt and Goetghebeur 2003; Vansteelandt and Joffe 2014). These models ensure that predicted probabilities do not fall outside the logical range, which is a frequent problem associated with unsaturated linear probability models. They are also based on a different effect metric—the log odds ratio—that may be more appropriate than the risk difference in certain situations. As estimation procedures for structural nested logistic models become more accessible, we expect these methods to find wider application in the social sciences.

With an unsaturated linear probability SNMM, it is important to investigate the sensitivity of moderated effect estimates to alternative and more flexible specifications. We experimented with a variety of different specifications and found that the results reported previously are substantively similar to results from more complex models with less stringent constraints on functional form. Nevertheless, if these models suffer from misspecification of either the causal or the nuisance functions, the reported estimates are biased.10

In sum, results from this example application of SNMMs and RWR estimation indicate that exposure to neighborhood poverty, particularly during adolescence, has a significant positive effect on the risk of teen childbearing, and that this effect is more pronounced for individuals in moderate- or low-income families. RWR estimation is premised on the strong assumptions of no unobserved confounding and correct model specification, but these assumptions are in fact much weaker than those required by other methods that might naively be used to investigate neighborhood effect moderation in the longitudinal setting. To further investigate the sensitivity of results to potential violations of these key assumptions, a variety of robustness checks are available and have been implemented in other settings (e.g., Brumback et al. 2004; Sharkey and Elwert 2011; Wodtke et al. 2012).
DISCUSSION

Treatment effect heterogeneity is ubiquitous in the social sciences. In many situations, both the treatment and effect moderators of interest vary over time, and they may influence one another through a dynamic selection and feedback process. This article describes a new class of models and estimators for analyzing moderated causal effects in the longitudinal setting: SNMMs and RWR. It outlines how these methods avoid the limitations associated with conventional methods when time-varying moderators are affected by prior treatments, and it adapts them to account for observed confounding.

To illustrate these methods, we present a simple empirical application with longitudinal data from the PSID. This analysis investigates whether the effects of exposure to neighborhood poverty during childhood versus adolescence on the risk of teen childbearing are moderated by prior family income levels. Results indicate that exposure to neighborhood poverty during adolescence (but not during childhood) increases the risk of subsequent childbearing, particularly for individuals whose families have lower incomes during adolescence. This example application demonstrates the utility of these methods for neighborhood-effects research, and given the growing prevalence of longitudinal data in the social sciences, SNMMs and RWR estimation should be even more widely applicable, wherever there is interest in understanding heterogeneous effects of time-varying treatments.

For expositional simplicity, this article focuses on SNMMs with a terminal outcome. These methods, however, can be adapted to investigate time-varying outcomes. Moreover, they can even be adapted to investigate whether treatment effects on future values of a time-varying outcome are moderated by past values of the outcome. For example, these methods could be used to investigate whether the impact of continuing workforce education on subsequent
earnings is moderated by a worker’s prior earnings history. They could also be used to investigate whether the impact on academic achievement of an ongoing instructional intervention is moderated by a student’s prior achievements. This type of information would allow policymakers to develop adaptive interventions that tailor treatments across time to the evolving needs of different individuals in heterogeneous target populations, and it would allow researchers to better understand the dynamic etiology of labor income and academic achievement.

In addition, this article focuses only on moderated intermediate causal effects that set future treatment to zero (e.g., the effect of childhood exposure to moderate- or high- poverty neighborhoods was examined in the context of adolescent exposure to low-poverty neighborhoods). The SNMM, however, is capable of examining moderated intermediate causal effects with future treatment set to other values or to tailored decision rules governing future treatment assignment (Robins 2004).

Although this study focused on RWR estimation, another approach—termed G-estimation in the literature on causal inference—can also be used to consistently estimate moderated intermediate causal effects under a similar set of assumptions (Robins 1994). Despite the simplicity, convenience, and greater relative efficiency of RWR estimation, the G-estimator is not without its own advantages. In particular, with an unsaturated SNMM, the G-estimator is unbiased for the causal parameters of interest under weaker assumptions than RWR. The G-estimator provides unbiased estimates of the causal functions in an unsaturated SNMM if either the models for the nuisance functions are correctly specified or models for the conditional probability of treatment are correctly specified. RWR, on the other hand, requires correct specification of the nuisance functions. This double-robustness property of the G-estimator provides a degree of protection against bias due to model misspecification, but it comes at the
price of higher variance. In practice, researchers may want to consider implementing both G-
estimation and RWR estimation in an attempt to balance concerns about misspecification and precision.

Because of its similarity to conventional regression methods, RWR can be easily implemented with off-the-shelf software. Parts B and C of the Online Supplement provide code for the Stata and R statistical packages that executes the different RWR estimators and computes bootstrap standard errors with simulated data from a simple two time period example.

Empirical researchers interested in effect heterogeneity are most often concerned with what is widely thought to be the main challenge for drawing valid causal inferences in the social sciences: unobserved confounding of treatment. This concern is certainly not misplaced, and methods for assessing the robustness of findings to hypothetical patterns of unobserved confounding should be incorporated into empirical analyses more frequently (Brumback et al. 2004). However, we show that even in studies where there is no unobserved confounding of treatment, conventional methods for analyzing effect moderation remain biased if they condition on time-varying moderators (or confounders) that are affected by past levels of a time-varying treatment. Although biases due to conditioning on an outcome of treatment are often overlooked or discounted in social science research, their magnitude can be substantively large and in some cases even greater than confounding bias (Elwert and Winship 2014; Greenland 2003). Thus, it is critically important to have flexible statistical tools, like SNMMs and RWR estimation, which are capable of accounting for the variety of different biases encountered in longitudinal research.
**ENDNOTES**

1. Effect moderation, which refers specifically to variation in a treatment effect across subgroups determined prior to treatment exposure, is subtly distinct from several other types of effect heterogeneity that we do not consider in the present study, such as effect interaction and effect heterogeneity across principal strata. Effect interaction refers to variation in the effect of one treatment across levels of another treatment received contemporaneously or after the initial treatment exposure (VanderWeele 2009). Effect heterogeneity across principal stratification refers to variation in a treatment effect across latent subgroups based on post-treatment variables (Frangakis and Rubin 2004). Analyzing effect interaction and effect heterogeneity across principal strata, rather than effect moderation, requires different methods and assumptions and is therefore beyond the scope of this study.

2. In fact, experimental studies typically meet stronger ignorability assumptions—for example, $Y_{i2}(a_1) \perp A_{i1} \forall a_1$.

3. This causal function may also be nonconstant in $a_1$, indicating that there is an interaction effect between treatments received at time 1 and time 2.

4. Robins (1994; Sections 3a-3c) uses the phrase “blip” (and the notation $\gamma^{[r2]}(k)$, where $k$ denotes time) for what we call the “moderated intermediate causal effect” (or $u_t$). In addition, Robins (1994) refers to the SNMM as the parametric model used for the moderated intermediate causal effects, whereas we refer to the SNMM more broadly as the complete collection of causal and non-causal terms making up the conditional mean of the potential outcomes, $E(Y_{i3}(a_1, a_2)|M_{i1}, M_{i2}(a_1))$.

5. The data used in this analysis are derived from Sensitive Data Files of the PSID, obtained under special contractual arrangements designed to protect the anonymity of respondents. These data are not available from the authors. Persons interested in obtaining PSID Sensitive Data Files should contact PSIDHelp@isr.umich.edu.

6. We also experimented with an ordinal treatment variable coded 0, 1, or 2 for residence in low-poverty (<10%), moderate-poverty (10-20%), or high-poverty (>20%) neighborhoods, respectively. Results based on this definition of treatment were substantively similar to those based on the binary treatment variable described here.

7. This analysis includes childbirth events for both male and female subjects in the PSID. Childbearing data for males is likely of poorer quality than that for females because males are simply not as accurate as females in their fertility reporting. Nevertheless, analyses stratified by gender yield results similar to those based on the pooled sample.
8. We also experimented with alternative measures of family income, such as a variable with raw levels of the income-to-needs ratio and a series of dummy variables for each income-to-needs quartile. Results based on these alternative moderator variables were substantively similar to those based on the binary moderator described here. We focus on binary measures of treatment and the moderator to simplify interpretation of the SNMM and to attenuate concerns about multi-valued variables in linear probability models.

9. Missing values are simulated for all variables using multiple imputation with 10 replications (Rubin 1987). Results are based on combined estimates and standard errors.

10. Another simple specification test with an unsaturated linear probability SNMM is to check whether the estimated model yields nonsensical predicted values. Despite their rather stringent parametric constraints, the models estimated by unadjusted RWR and IPTW-RWR do not yield any predicted values outside the logical range, while the model estimated by CA-RWR yields predictions outside the logical range—between -0.04 and 0.00—for about 1 percent of sample members. The suboptimal performance of CA-RWR likely reflects our failure to correctly model nuisance functions involving a large number of confounders, which is one of the additional complexities associated with this particular estimation strategy.
REFERENCES


### Table 1. Moderated effects of neighborhood poverty on the risk of adolescent parenthood by family income

<table>
<thead>
<tr>
<th>Specification</th>
<th>Unadjusted RWR</th>
<th>Adjusted RWR</th>
<th>IPT-weighted RWR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>est</td>
<td>se</td>
<td>est</td>
</tr>
<tr>
<td>Intercept</td>
<td>.080</td>
<td>(.007) ***</td>
<td>.129</td>
</tr>
<tr>
<td>Childhood</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NH pov</td>
<td>.042</td>
<td>(.016) **</td>
<td>−.003</td>
</tr>
<tr>
<td>Fam inc x NH pov</td>
<td>−.032</td>
<td>(.022)</td>
<td>−.007</td>
</tr>
<tr>
<td>Adolescence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NH pov</td>
<td>.111</td>
<td>(.019) ***</td>
<td>.078</td>
</tr>
<tr>
<td>Fam inc x NH pov</td>
<td>−.077</td>
<td>(.020) ***</td>
<td>−.056</td>
</tr>
</tbody>
</table>

Notes: Sample includes children present in a PSID family at age 3 during the 1968-1986 waves. Results are combined estimates from 10 multiple imputation datasets. Standard errors are computed from 200 bootstrap samples.

*p < 0.05, **p < 0.01, and ***p < 0.001 for two-sided tests of no effect.
FIGURES

Figure 1. Causal relationships between a point-in-time treatment, moderator, and outcome

A. Random assignment

B. Confounding only by $M_1$

Notes: $A =$ treatment, $M =$ moderator, and $Y =$ outcome.
Figure 2. Causal relationships between a point-in-time treatment, moderator, confounder, and outcome

A. Confounding only by $C_1$

\[ C_1 \rightarrow A_1 \rightarrow Y_2 \]

\[ M_1 \]

B. Confounding by $M_1$ and $C_1$

\[ C_1 \rightarrow A_1 \rightarrow Y_2 \]

\[ M_1 \]

Notes: $A =$ treatment, $M =$ moderator, $C =$ confounder, and $Y =$ outcome.
Figure 3. Causal relationships between time-varying treatments, time-varying moderators, and outcome

A. Sequential randomization

B. Selection on prior moderators

Notes: \( A \) = treatment, \( M \) = moderator, \( Y \) = outcome, and \( U \) = unobserved factors.
Figure 4. Over-control of intermediate pathways and collider-stratification biases

A. Over-control of intermediate pathways

B. Collider-stratification

Notes: \( A \) = treatment, \( M \) = moderator, \( Y \) = outcome, and \( U \) = unobserved factors. A box around a variable denotes conditioning.
Figure 5. Consequences of residualizing time-varying moderators based on past treatment and covariates

A. Condition on $M_2$: over-control and collider stratification

B. Condition on residualized $M_2$: transformed moderator independent of prior treatment and no bias

Notes: $A =$ treatment, $M =$ moderator, $Y =$ outcome, and $U =$ unobserved factors. A box around a variable denotes conditioning. $\delta(M_2)$ is equal to $M_2 - \hat{E}(M_2|M_1, A_1)$. 
Figure 6. Causal relationships between time-varying treatments, time-varying moderators, time-varying confounders, and outcome

A. Selection on prior moderators and confounders

B. Over-control and collider stratification from conditioning on time-varying confounders

Notes: $A =$ treatment, $M =$ moderator, $C =$ confounder, $Y =$ outcome, and $U$ and $V$ both represent unobserved factors. A box around a variable denotes conditioning. $\delta(M_2)$ is equal to $M_2 - \hat{E}(M_2|M_1, A_1)$. 
Figure 7. Consequences of residualizing both time-varying confounders and time-varying moderators based on past treatment and covariates

A. Condition on residualized $C_2$ and $M_2$: transformed confounder and moderator independent of prior treatment and no bias

Notes: $A =$ treatment, $M =$ moderator, $C =$ confounder, $Y =$ outcome, and $U$ and $V$ both represent unobserved factors. A box around a variable denotes conditioning. $\hat{\delta}(M_2)$ is equal to $M_2 - \hat{E}(M_2 | M_1, C_1, A_1)$ and $\hat{\delta}(C_2)$ is equal to $C_2 - \hat{E}(C_2 | C_1, M_1, A_1)$. 
Figure 8. Consequences of weighting by the inverse probability of treatment (IPT) and residualizing time-varying moderators in the weighted pseudo-population

A. Weight by IPT and condition on residualized $M_2$: future treatment independent of past moderators and confounders, transformed moderator independent of prior treatment in weighted pseudo-population, and no bias

Notes: $A =$ treatment, $M =$ moderator, $C =$ confounder, $Y =$ outcome, and $U$ and $V$ both represent unobserved factors. A box around a variable denotes conditioning. $\delta(M_2)$ is equal to $M_2 - \mathbb{E}(M_2|M, C, A)$. 
Estimating Heterogeneous Causal Effects with Time-Varying Treatments and Effect Moderators

Figure 9. Longitudinal measurement strategy in the PSID

Notes: $A =$ neighborhood poverty, $M =$ family income-to-needs ratio, $C =$ vector of observed confounders, and $Y =$ childbirth event.
ONLINE SUPPLEMENT

Part A: Technical Appendix

In this appendix, we demonstrate (1) that observed differences in conditional means can be equated with the fundamentally unobservable time 1 causal function in the SNMM under the consistency and sequential ignorability assumptions used to justify the RWR estimator; (2) that a conventional regression model implies a model for the time 1 causal function of the SNMM that contains non-causal terms; and (3) that the RWR estimator is unbiased under the assumption of a correctly specified observed-data SNMM.

A.1. Identifying the SNMM from Observed Data

This material is adapted from Almirall et al. (2010). We show that $\mu_1(M_{i1}, a_1) = E(Y_{i3}(a_1, 0) - Y_{i3}(0, 0)|M_{i1})$ can be expressed in terms of the observed data under the assumptions of consistency and sequential ignorability defined on page 21 of the main text, which permits a causal interpretation of estimates using RWR.

First, under sequential ignorability at time 1, the random variables $Y_{i3}(a_1, 0)$ are independent of $A_{i1}$ given $M_{i1}$. Thus,

$$\mu_1(M_{i1}, a_1) = E(Y_{i3}(a_1, 0)|M_{i1}, A_{i1}) - E(Y_{i3}(0, 0)|M_{i1}, A_{i1}),$$

and we can set $A_{i1}$ to any value, such that

$$\mu_1(M_{i1}, a_1) = E(Y_{i3}(a_1, 0)|M_{i1}, A_{i1} = a_1) - E(Y_{i3}(0, 0)|M_{i1}, A_{i1} = 0).$$

Second, by the law of iterated expectations (Casella and Berger 2002), we can condition $\mu_1(M_{i1}, a_1)$ on $M_{i2}$ if we also average over the conditional distribution of $M_{i2}$ given $M_{i1}$ and $A_{i1}$, that is,

$$\mu_1(M_{i1}, a_1) = E(E(Y_{i3}(a_1, 0)|M_{i1}, A_{i1}, M_{i2})|M_{i1}, A_{i1} = a_1) - E(E(Y_{i3}(0, 0)|M_{i1}, A_{i1}, M_{i2})|M_{i1}, A_{i1} = 0).$$
Third, under sequential ignorability at time 2, the random variables $Y_{i3}(a_1, 0)$ are independent of $A_{i2}$ given $M_{i1}, A_{i1}$ and $M_{i2}$, and thus we can condition on $A_{i2}$ in the inner expectation and set it to any value. In this case, we set it to 0, which gives

$$\mu_1(M_{i1}, a_1) = E(E(Y_{i3}(a_1, 0)|M_{i1}, A_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = a_1) - E(E(Y_{i3}(0,0)|M_{i1}, A_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = 0),$$

and we can now replace both $Y_{i3}(a_1, 0)$ and $Y_{i3}(0,0)$ with $Y_{i3}(A_{i1}, A_{i2})$. Fourth, under the consistency assumption, which states that $Y_{i3} = Y_{i3}(A_{i1}, A_{i2})$, we have that

$$\mu_1(M_{i1}, a_1) = E(E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = a_1) - E(E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = 0).$$

Finally, we apply the law of iterated expectations once more to arrive at

$$\mu_1(M_{i1}, a_1) = E(Y_{i3}|M_{i1}, A_{i1} = a_1, A_{i2} = 0) - E(Y_{i3}|M_{i1}, A_{i1} = 0, A_{i2} = 0).$$

Thus, we can equate the moderated intermediate causal effect at time 1 with the observed data. Similar arguments can be used to identify the time 2 moderated intermediate causal effect from the observed data.

**A.2. Complications of Conventional Regression and the RWR solution**

In this subsection, we derive the time 1 moderated intermediate causal effect that is implied by a conventional regression model and show that it contains non-causal terms, whereas a direct parameterization of the SNMM, such as with RWR, avoids this by design. We accomplish this using the conventional regression model from Equation 25:

$$E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2}) = \beta_0^* + \lambda_{10}^* M_{i1} + A_{i1}(\beta_{10}^* + \beta_{11}^* M_{i1}) + M_{i2}(\lambda_{20}^* + \lambda_{21}^* M_{i1} + \lambda_{22}^* A_{i1} + \lambda_{23}^* A_{i1}M_{i1}) + A_{i2}(\beta_{20}^* + \beta_{21}^* M_{i1} + \beta_{22}^* M_{i2} + \beta_{23}^* M_{i1}M_{i2} + \beta_{24}^* A_{i1} + \beta_{25}^* M_{i1}A_{i1} + \beta_{26}^* A_{i1}M_{i2} + \beta_{27}^* M_{i1}A_{i1}M_{i2}).$$
Specifically, the goal is to calculate
\[ E(Y_{i3}|M_{i1}, A_{i1} = a_1, A_{i2} = 0) - E(Y_{i3}|M_{i1}, A_{i1} = 0, A_{i2} = 0), \]
which is just the observed data analog of \( \mu_1(M_{i1}, a_1) \), based on the parameterization of the conventional regression model shown above. To this end, we first derive an expression for \( E(Y_{i3}|M_{i1}, A_{i1} = a_1, A_{i2} = 0) \). Based on arguments similar to those above, we have that
\[ E(Y_{i3}|M_{i1}, A_{i1} = a_1, A_{i2} = 0) = E(E(Y_{i3}|M_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = a_1), \]
where the outer expectation averages over the distribution of \( M_{i2} \) given \( M_{i1} \) and \( A_{i1} \). Thus, under the conventional regression model in Equation 25,
\[ E(E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = a_1) = \]
\[ \beta_0^* + \lambda_{10}^* M_{i1} + a_1 (\beta_{10}^* + \beta_{11}^* M_{i1}) + E(M_{i2}|M_{i1}, A_{i1} = a_1) (\lambda_{20}^* + \lambda_{21}^* M_{i1} + \lambda_{22}^* a_1 + \lambda_{23}^* a_1 M_{i1}). \]
Analogously, we derive an expression for \( E(Y_{i3}|M_{i1}, A_{i1} = 0, A_{i2} = 0) \), which is equal to
\[ E(E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = 0) = \]
\[ \beta_0^* + \lambda_{10}^* M_{i1} + E(M_{i2}|M_{i1}, A_{i1} = 0) (\lambda_{20}^* + \lambda_{21}^* M_{i1}). \]
Finally, solving for the difference between these expressions gives
\[ E(Y_{i3}|M_{i1}, A_{i1} = a_1, A_{i2} = 0) - E(Y_{i3}|M_{i1}, A_{i1} = 0, A_{i2} = 0) = \]
\[ a_1 (\beta_{10}^* + \beta_{11}^* M_{i1}) + (E(M_{i2}|M_{i1}, A_{i1} = a_1) - E(M_{i2}|M_{i1}, A_{i1} = 0)) (\lambda_{20}^* + \lambda_{21}^* M_{i1}) + E(M_{i2}|M_{i1}, A_{i1} = a_1) (\lambda_{22}^* a_1 + \lambda_{23}^* a_1 M_{i1}). \]
From this expression, we see that, by itself, the first term, \( a_1 (\beta_{10}^* + \beta_{11}^* M_{i1}) \), does not describe the moderated causal effect of interest, and thus the typical “main effect” and “interaction effect” of treatment at time 1 in the conventional regression model may lack a causal interpretation (e.g., if the other two terms in this expression are non-zero.) The second term,
\[ (E(M_{i2}|M_{i1}, A_{i1} = a_1) - E(M_{i2}|M_{i1}, A_{i1} = 0)) (\lambda_{20}^* + \lambda_{21}^* M_{i1}), \] may contain both causal and
non-causal information about the relationship between $A_{i1}$ and $Y_{i3}$ via $M_{i2}$. The third term, $E(M_{i2}|M_{i1}, A_{i1} = a_1)(\lambda_{22}^*a_1 + \lambda_{23}^*a_1M_{i1})$, may contain both causal and non-causal information about the relationship between $M_{i2}$ and $Y_{i3}$.

RWR, by contrast, is an estimator for the SNMM, which avoids these complications by parameterizing the moderated intermediate causal effects and the nuisance functions directly under the appropriate constraints. Unlike the conventional regression parameterization of the conditional expectation function, the SNMM parameterization ensures that all the causal information about the effects of treatment is captured by the beta parameters and that all the non-causal information is absorbed into the lambda parameters.

An instructive way to appreciate the implications of a direct parameterization of the SNMM is to repeat the same exercise as above, except replace the conventional regression model from Equation 25 with the RWR model from Equation 26,

$$E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2}) = \beta_0^* + \lambda_{10}^*\delta(M_{i1}) + A_{i1}(\beta_{10}^* + \beta_{11}^*M_{i1}) + \delta(M_{i2})(\lambda_{20}^* + \lambda_{21}^*M_{i1} + \lambda_{22}^*A_{i1} + \lambda_{23}^*A_{i1}M_{i1}) + A_{i2}(\beta_{20}^* + \beta_{21}^*M_{i1} + \beta_{22}^*M_{i1}A_{i1}) + \lambda_{26}^*A_{i1}M_{i2} + \lambda_{27}^*A_{i1}A_{i1}M_{i2},$$

where, recall, $\delta(M_{i1}) = M_{i1} - E(M_{i1})$ and $\delta(M_{i2}) = M_{i2} - E(M_{i2}|M_{i1}, A_{i1})$.

Under this model, we first have that

$$E(Y_{i3}|M_{i1}, A_{i1} = a_1, A_{i2} = 0) = E(E(Y_{i3}|M_{i1}, A_{i1}, M_{i2}, A_{i2} = 0)|M_{i1}, A_{i1} = a_1) = \beta_0^* + \lambda_{10}^*\delta(M_{i1}) + a_1(\beta_{10}^* + \beta_{11}^*M_{i1}) + E(\delta(M_{i2})|M_{i1}, A_{i1} = a_1)(\lambda_{20}^* + \lambda_{21}^*M_{i1} + \lambda_{22}^*a_1 + \lambda_{23}^*a_1M_{i1}) = \beta_0^* + \lambda_{10}^*\delta(M_{i1}) + a_1(\beta_{10}^* + \beta_{11}^*M_{i1})$$

because $E(\delta(M_{i2})|M_{i1}, A_{i1} = a_1) = 0$, by design.
Second, we have that

\[ E(Y_{i3}|M_{t1}, A_{t1} = 0, A_{t2} = 0) = E(E(Y_{i3}|M_{t1}, A_{t1}, M_{t2}, A_{t2} = 0)|M_{t1}, A_{t1} = 0) \]
\[ = \beta_0^* + \lambda_{10}^* \delta(M_{t1}) + (0)(\beta_{10}^* + \beta_{11}^* M_{t1}) + \]
\[ E(\delta(M_{t2})|M_{t1}, A_{t1} = 0)(\lambda_{20}^* + \lambda_{21}^* M_{t1} + \lambda_{22}^* (0) + \lambda_{23}^* (0) M_{t1}) \]
\[ = \beta_0^* + \lambda_{10}^* \delta(M_{t1}) \]
again because \( E(\delta(M_{t2})|M_{t1}, A_{t1} = 0) = 0 \), by design. Hence, solving for the difference between these expressions gives

\[ E(Y_{i3}|M_{t1}, A_{t1} = a_1, A_{t2} = 0) - E(Y_{i3}|M_{t1}, A_{t1} = 0, A_{t2} = 0) = \]
\[ a_1(\beta_{10}^* + \beta_{11}^* M_{t1}) \].

Thus, a direct parameterization the SNMM, such as with RWR, ensures that the moderated intermediate effect of treatment at time 1 is fully captured by the parameters \( \{\beta_{10}^*, \beta_{11}^*\} \).

**A.3. Unbiasedness of RWR**

In subsection A.1, we described how the consistency and sequential ignorability assumptions are used to ascribe causal meaning to the \( \mu_1(M_{t1}, a_1) \) function in an observed-data SNMM. In subsection A.2, we showed that conventional regression implies an observed data model for the \( \mu_1(M_{t1}, a_1) \) function that involves non-causal terms. RWR, by contrast, ensures a clean separation of causal and non-causal information. Next, we write RWR as a set of estimating equations and show that it is unbiased if we assume a correctly specified observed data SNMM.

For simplicity, we continue to focus on a simple example with just two time points.

The assumption of correct model specification implies that we have true models for the moderated intermediate causal effects, which we denote here in vector form as \( A_{it}H_{it}\beta_t \), and true models for the nuisance functions, which we denote in vector form by \( G_{it}\lambda_t \). In this notation, \( H_{i1} \) and \( G_{i1} \) are functions of \( M_{i1} \), and \( H_{i2} \) and \( G_{i2} \) are functions of \( M_{i1}, A_{i1}, \) and \( M_{i2} \). Specifically,
under the assumption of a correctly specified observed data SNMM, we have that
\[ E(Y_{i3} | M_{i1}, A_{i1}, M_{i2}, A_{i2}) = \beta_0 + G_{i1}\lambda_1 + A_{i1}H_{i1}\beta_1 + G_{i2}\lambda_2 + A_{i2}H_{i2}\beta_2. \]

RWR estimates of the \( \beta_t \) parameters are based on solutions to the following set of estimating equations:
\[
\sum_{i=1}^{n} \left( Y_{i3} - \beta_0 - G_{i1}\lambda_1 - A_{i1}H_{i1}\beta_1 - G_{i2}\lambda_2 - A_{i2}H_{i2}\beta_2 \right) \left( \frac{A_{i1}H_{i1}}{A_{i2}H_{i2}} \right) = 0.
\]

For simplicity, we focus only on the estimating equations for the \( \beta_t \) parameters and omit the equations for the nuisance function parameters, \( \lambda_t \). This set of estimating equations is unbiased if
\[
\sum_{i=1}^{n} \left( Y_{i3} - \beta_0 - G_{i1}\lambda_1 - A_{i1}H_{i1}\beta_1 - G_{i2}\lambda_2 - A_{i2}H_{i2}\beta_2 \right) \left( \frac{A_{i1}H_{i1}}{A_{i2}H_{i2}} \right) \text{ is zero in expectation.}
\]

Recall that conditioning on \( (M_{i1}, A_{i1}, M_{i2}, A_{i2}) \) is equivalent to conditioning on \( (H_{i1}, G_{i1}, A_{i1}, H_{i2}, G_{i2}, A_{i2}) \). Thus, by the law of iterated expectations, this expectation is equal to
\[
E\left( \sum_{i=1}^{n} \left( E(Y_{i3} | M_{i1}, A_{i1}, M_{i2}, A_{i2}) - \beta_0 - G_{i1}\lambda_1 - A_{i1}H_{i1}\beta_1 - G_{i2}\lambda_2 - A_{i2}H_{i2}\beta_2 \right) \left( \frac{A_{i1}H_{i1}}{A_{i2}H_{i2}} \right) \right),
\]
which is zero under the assumption of a correctly specified SNMM.
Part B: Example STATA Code for Estimating a SNMM using RWR

```stata
#delimit ;
/***SIMULATE EXAMPLE DATA W/ TWO TIME PERIODS***/
/*NOTE: u and v are binary unobserved variables*/
/*NOTE: c1 and c2 are binary time-varying confounders, and c2 is
affected by prior treatment*/
/*NOTE: m1 and m2 are binary time-varying moderators, and m2 is
affected by prior treatment*/
/*NOTE: a1 and a2 are binary time-varying treatments*/
/*NOTE: y is a normally distributed end-of-study outcome*/
/*NOTE: effect of a1 is moderated only by m1, and effect of a2 is
moderated only by m2*/
set obs 50000
gen u=0.5>=uniform() ;
gen v=0.5>=uniform() ;
gen c1=0.5>=uniform() ;
gen m1=0.5>=uniform() ;
gen a1=0.3+0.2*c1+0.2*m1>=uniform() ;
gen c2=0.2+0.2*c1+0.2*a1+0.2*v>=uniform() ;
gen m2=0.2+0.2*m1+0.2*a1+0.2*u>=uniform() ;
gen a2=0.2+0.2*a1+0.2*c2+0.2*m2>=uniform() ;
gen y=(0+1*u+1*v)+(c1-0.5)+(m1-0.5)+a1*(1+m1)+
a2*(1+m2)+3*invnorm(uniform()) ;

/***ESTIMATE (WITH OVER-CONTROL AND COLLIDER-STRATIFICATION BIAS) SNMM
VIA CONVENTIONAL REGRESSION***/
gen m1a1=m1*a1 ;
gen m2a2=m2*a2 ;
reg y c1 m1 a1 m1a1 c2 m2 a2 m2a2 ;
drop m1a1 m2a2 ;

/***ESTIMATE (WITH CONFOUNDING BIAS) SNMM VIA UNADJUSTED REGRESSION-
WITH-RESIDUALS***/
/*FIRST STAGE REGRESSIONS*/
reg m1 ;
predict m1r, resid ;
gen m2 m1 a1 ;
predict m2r, resid ;
/*SECOND STAGE REGRESSION*/
gen m1a1=m1*a1 ;
gen m2a2=m2*a2 ;
gen y m1r a1 m1a1 m2r a2 m2a2 ;
drop m1a1 m2a2 m1r m2r ;
```

/**ESTIMATE (WITHOUT BIAS) SNMM VIA COVARIATE-ADJUSTED REGRESSION-WITH-RESIDUALS***/
/**FIRST STAGE REGRESSIONS*/
reg c1 ;
predict c1r, resid ;
reg m1 ;
predict m1r, resid ;
reg c2 c1 a1 ;
predict c2r, resid ;
reg m2 m1 a1 ;
predict m2r, resid ;
/**SECOND STAGE REGRESSION*/
gen m1a1=m1*a1 ;
gen m2a2=m2*a2 ;
reg y c1r m1r a1 m1a1 c2r m2r a2 m2a2 ;
drop m1a1 m2a2 c1r c2r m1r m2r ;

/**ESTIMATE (WITHOUT BIAS) SNMM VIA IPT-WEIGHTED REGRESSION-WITH-RESIDUALS***/
/*STABILIZED IPTWs*/
reg a1 ;
predict p1, xb ;
replace p1=a1*p1+(1-a1)*(1-p1) ;
reg a1 c1 m1 ;
predict plx, xb ;
replace plx=a1*plx+(1-a1)*(1-px) ;
reg a2 ;
predict p2, xb ;
replace p2=a2*p2+(1-a2)*(1-p2) ;
reg a2 a1 c2 m2 ;
predict p2x, xb ;
replace p2x=a2*p2x+(1-a2)*(1-p2x) ;
gen iptw=(p1/plx)*(p2/p2x) ;
/*WEIGHTED FIRST STAGE REGRESSIONS*/
reg m1 [pw=iptw] ;
predict m1r, resid ;
reg m2 m1 a1 [pw=iptw] ;
predict m2r, resid ;
/*WEIGHTED SECOND STAGE REGRESSION*/
gen m1a1=m1*a1 ;
gen m2a2=m2*a2 ;
reg y m1r a1 m1a1 m2r a2 m2a2 [pw=iptw] ;
drop iptw p1 plx p2 p2x m1a1 m2a2 m1r m2r ;
/**COMPUTE BOOTSTRAP STANDARD ERRORS FOR CAUSAL PARAMETERS***/
program define covadj_rwr, rclass ;
    reg c1 ;
    predict c1r, resid ;
    reg m1 ;
    predict m1r, resid ;
    reg c2 c1 a1 ;
    predict c2r, resid ;
    reg m2 m1 a1 ;
    predict m2r, resid ;
    gen m1a1=m1*a1 ;
    gen m2a2=m2*a2 ;
    reg y c1r m1r a1 m1a1 c2r m2r a2 m2a2 ;
    return scalar b0=_b[_cons] ;
    return scalar b1=_b[a1] ;
    return scalar b2=_b[m1a1] ;
    return scalar b3=_b[a2] ;
    return scalar b4=_b[m2a2] ;
    drop m1a1 m2a2 c1r c2r m1r m2r ;
end ;
program define iptw_rwr, rclass ;
    reg a1 ;
    predict p1, xb ;
    replace p1=a1*p1+(1-a1)*(1-p1) ;
    reg a1 c1 m1 ;
    predict p1x, xb ;
    replace p1x=a1*p1x+(1-a1)*(1-p1x) ;
    reg a2 ;
    predict p2, xb ;
    replace p2=a2*p2+(1-a2)*(1-p2) ;
    reg a2 a1 c2 m2 ;
    predict p2x, xb ;
    replace p2x=a2*p2x+(1-a2)*(1-p2x) ;
    gen iptw=(p1/p1x)*(p2/p2x) ;
    reg m1 [pw=iptw] ;
    predict m1r, resid ;
    reg m2 m1 a1 [pw=iptw] ;
    predict m2r, resid ;
    gen m1a1=m1*a1 ;
    gen m2a2=m2*a2 ;
    reg y m1r a1 m1a1 m2r a2 m2a2 [pw=iptw] ;
    return scalar b0=_b[_cons] ;
    return scalar b1=_b[a1] ;
    return scalar b2=_b[m1a1] ;
    return scalar b3=_b[a2] ;
return scalar b4=_b[m2a2] ;
    drop iptw p1 p1x p2 p2x m1a1 m2a2 m1r m2r ;
end ;
bootstrap beta0=r(b0) beta1=r(b1) beta2=r(b2) beta3=r(b3) beta4=r(b4),
    reps(100): covadj_rwr ;
bootstrap beta0=r(b0) beta1=r(b1) beta2=r(b2) beta3=r(b3) beta4=r(b4),
    reps(100): iptw_rwr ;
### SIMULATE EXAMPLE DATA W/ TWO TIME PERIODS
# NOTE: u and v are binary unobserved variables
# NOTE: c1 and c2 are binary time-varying confounders, and c2 is
affected by prior treatment
# NOTE: m1 and m2 are binary time-varying moderators, and m2 is
affected by prior treatment
# NOTE: a1 and a2 are binary time-varying treatments
# NOTE: y is a normally distributed end-of-study outcome
# NOTE: effect of a1 is moderated only by m1, and effect of a2 is
moderated only by m2
u<-rbinom(50000,1,0.5)
v<-rbinom(50000,1,0.5)
c1<-rbinom(50000,1,0.5)
m1<-rbinom(50000,1,0.5)
a1<-rbinom(50000,1,0.3+0.2*c1+0.2*m1)
c2<-rbinom(50000,1,0.2+0.2*c1+0.2*a1+0.2*v)
m2<-rbinom(50000,1,0.2+0.2*m1+0.2*a1+0.2*u)
a2<-rbinom(50000,1,0.2+0.2*a1+0.2*c2+0.2*m2)
y<-rnorm(50000,(0+1*u+1*v)+1*(c1-0.5)+1*(m1-0.5)+a1*(1+1*m1)+1*(c2-(0.2+0.2*c1+0.2*a1))+1*(m2-(0.2+0.2*m1+0.2*a1))+a2*(1+1*m2),3)

### ESTIMATE (WITH OVER-CONTROL AND COLLIDER-STRATIFICATION BIAS) SNMM
VIA CONVENTIONAL REGRESSION
mla1<-m1*a1
m2a2<-m2*a2
model1<-lm(y~c1+ml+a1+mla1+c2+m2+a2+m2a2)
summary(model1)
rm(list=c('mla1','m2a2','model1'))

### ESTIMATE (WITH CONFOUNDING BIAS) SNMM VIA UNADJUSTED REGRESSION-
WITH-RESIDUALS
# FIRST STAGE REGRESSIONS
model1<-lm(m1~1)
m1r<-model1$residuals
model2<-lm(m2~m1+a1)
m2r<-model2$residuals
# SECOND STAGE REGRESSION
mla1<-m1*a1
m2a2<-m2*a2
model3<-lm(y~m1r+a1+mla1+m2r+a2+m2a2)
summary(model3)
rm(list=c('mla1','m2a2','m1r','m2r','model1','model2','model3'))
### ESTIMATE (WITHOUT BIAS) SNMM VIA COVARIATE-ADJUSTED REGRESSION-WITH-RESIDUALS

**FIRST STAGE REGRESSIONS**

```r
model1 <- lm(c1 ~ 1)
c1r <- model1$residuals
model2 <- lm(m1 ~ 1)
m1r <- model2$residuals
model3 <- lm(c2 ~ c1 + a1)
c2r <- model3$residuals
model4 <- lm(m2 ~ m1 + a1)
m2r <- model4$residuals
```

**SECOND STAGE REGRESSION**

```r
m1a1 <- m1 * a1
m2a2 <- m2 * a2
model5 <- lm(y ~ c1r + m1r + a1 + m1a1 + c2r + m2r + a2 + m2a2)
summary(model5)
```

### ESTIMATE (WITHOUT BIAS) SNMM VIA IPT-WEIGHTED REGRESSION-WITH-RESIDUALS

**STABILIZED IPTWs**

```r
model1 <- lm(a1 ~ 1)
p1 <- model1$fitted.values
p1 <- a1 * p1 + (1 - a1) * (1 - p1)
model2 <- lm(a1 ~ c1 + m1)
p1x <- model2$fitted.values
p1x <- a1 * p1x + (1 - a1) * (1 - p1x)
model3 <- lm(a2 ~ 1)
p2 <- model3$fitted.values
p2 <- a2 * p2 + (1 - a2) * (1 - p2)
model4 <- lm(a2 ~ a1 + c2 + m2)
p2x <- model4$fitted.values
p2x <- a2 * p2x + (1 - a2) * (1 - p2x)
iptw <- (p1 / p1x) * (p2 / p2x)
```

**WEIGHTED FIRST STAGE REGRESSIONS**

```r
model5 <- lm(m1 ~ 1, weights = iptw)
mlr <- model5$residuals
model6 <- lm(m2 ~ m1 + a1, weights = iptw)
m2r <- model6$residuals
```

**WEIGHTED SECOND STAGE REGRESSION**

```r
m1a1 <- m1 * a1
m2a2 <- m2 * a2
model7 <- lm(y ~ m1r + a1 + m1a1 + m2r + a2 + m2a2, weights = iptw)
summary(model7)
```
### COMPUTE BOOTSTRAP STANDARD ERRORS FOR CAUSAL PARAMETERS

dataset <- data.frame(cbind(u, v, c1, m1, a1, c2, m2, a2, y))
covadj_rwr <- matrix(data = NA, nrow = 100, ncol = 5)
iptw_rwr <- matrix(data = NA, nrow = 100, ncol = 5)
for (j in 1:100)
{
  bid <- sample(nrow(dataset), replace = T)
  bsamp <- dataset[bid, ]
  model1 <- lm(c1 ~ 1, data = bsamp)
  bsamp$c1r <- model1$residuals
  model2 <- lm(m1 ~ 1, data = bsamp)
  bsamp$m1r <- model2$residuals
  model3 <- lm(c2 ~ c1 + a1, data = bsamp)
  bsamp$c2r <- model3$residuals
  model4 <- lm(m2 ~ m1 + a1, data = bsamp)
  bsamp$m2r <- model4$residuals
  bsamp$m1a1 <- bsamp$m1 * bsamp$a1
  bsamp$m2a2 <- bsamp$m2 * bsamp$a2
  model5 <- lm(y ~ a1 + m1a1 + a2 + m2a2 + c1r + m1r + c2r + m2r, data = bsamp)
  for (i in 1:5)
  {
    covadj_rwr[j, i] <- model5$coef[i]
  }
  model1 <- lm(a1 ~ 1, data = bsamp)
  bsamp$p1 <- model1$fitted.values
  bsamp$p1 <- bsamp$a1 * bsamp$p1 + (1 - bsamp$a1) * (1 - bsamp$p1)
  model2 <- lm(a1 ~ c1 + m1, data = bsamp)
  bsamp$p1x <- model2$fitted.values
  bsamp$p1x <- bsamp$a1 * bsamp$p1x + (1 - bsamp$a1) * (1 - bsamp$p1x)
  model3 <- lm(a2 ~ 1, data = bsamp)
  bsamp$p2 <- model3$fitted.values
  bsamp$p2 <- bsamp$a2 * bsamp$p2 + (1 - bsamp$a2) * (1 - bsamp$p2)
  model4 <- lm(a2 ~ a1 + c2 + m2, data = bsamp)
  bsamp$p2x <- model4$fitted.values
  bsamp$p2x <- bsamp$a2 * bsamp$p2x + (1 - bsamp$a2) * (1 - bsamp$p2x)
  model5 <- lm(m1 ~ 1, weights = bsamp$iptw, data = bsamp)
  bsamp$m1r <- model5$residuals
  model6 <- lm(m2 ~ m1 + a1, weights = bsamp$iptw, data = bsamp)
  bsamp$m2r <- model6$residuals
  bsamp$m2r <- bsamp$m2a2 <- bsamp$m2 * bsamp$a2
model7<-lm(y~a1+m1a1+a2+m2a2+m1r+m2r,weights=bsamp$iptw, data=bsamp)
for (i in 1:5)
  {
    iptw_rwr[j,i]<-model7$coef[i]
  }
sd(covadj_rwr)
sd(iptw_rwr)
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